Austria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	L£ 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rin 4.25	Taiwan	NT $85
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.00
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,734 — Monday September 23 1985 — D 8523 B

Mitterrand and the Greenpeace affair, Page 18

World news

Iranians threaten blockade of Gulf

Iran has threatened to shut the Strait of Hormuz at the mouth of the Gulf if Iraq persists in attacking its oil-exporting facilities.

The warning followed a raid on Kharg Island, Iran's main oil-export terminal. It is believed to have been Iraq's most effective attack to date, hitting a tanker and damaging one of the jetties.

Iran's President Ali Khamenei said not only would Hormuz be closed if the raids continued, but there would also be attacks deep inside Iraqi territory. Page 20

● Oil production by non-Opec countries will increase during the next few years, putting more pressure on the organisation's unity and revenue, according to a report by a U.S. oil consultancy. Page 2

Axel Springer dies

Axel Springer, the leading West German newspaper and magazine publisher, has died after a short illness, which was not specified.

Nuclear treaty call

Geneva conference of 86 nations reviewing the nuclear non-proliferation treaty (NPT) has called on the U.S., the Soviet Union and Britain to resume negotiations on a comprehensive nuclear test-ban treaty this year. Page 4

EEC caution urged

EEC finance ministers have served notice that they would not be stampeded into monetary and fiscal reforms such as rapid harmonisation of tax rates or the creation of a common currency. Page 4

Swiss vote

Swiss voters have rejected a government plan to back new business ventures with loan guarantees.

Delhi bomb deaths

A bomb killed three Hindus in Delhi, and a worker of Prime Minister Rajiv Gandhi's party was shot in Punjab, as extremists stepped up efforts to disrupt Wednesday's election in the Sikh-majority state. Page 4

Tripoli battle

Northern Lebanese port of Tripoli has taken a heavy battering in the war between Syrian-backed militiamen and Sunni Moslem fundamentalist groups. Page 4

Martial law 'to end'

Pakistan's President Mohammad Zia-ul-Haq has promised that eight years of martial law will be ended by December 31. Banned political parties will be able to resume activity.

Israeli car bomb

Israeli police defused a car bomb in the densely populated, ultra-religious Jewish neighbourhood of Mea Shearim, near Arab East Jerusalem.

Salyut link-up

Five Soviet cosmonauts aboard the Salyut 7 space station have linked up with research ships and flying laboratories to study the surface of the Black Sea.

Turkish arrests

Turkish police arrested about 150 people when the funeral of a left-wing folk singer in Istanbul turned into a march.

Visit cancelled

Neutral Sweden has cancelled a planned port call by two U.S. Navy ships to Stockholm next month on the ground that it would coincide with a British destroyer's visit, giving Nato too much prominence.

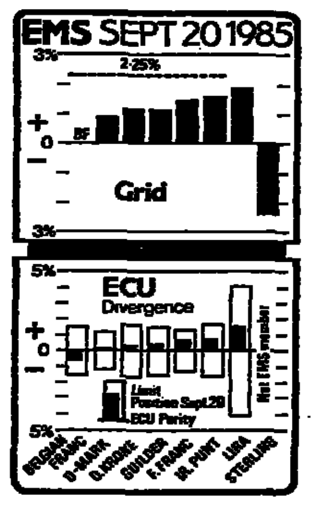
Lourdes drought

Thousands of sick pilgrims seeking miraculous cures from the holy water of the Roman Catholic shrine at Lourdes have been affected by a drought that has partly dried up its source.

Business summary

TRW to regroup, write off $170m

TRW, diversified U.S. industrial group, is to take a $170m after-tax charge in the third quarter as part of a sweeping reorganisation aimed at increasing emphasis on its electronics, defence and automotive businesses. Page 20



EUROPEAN Monetary System: The Belgian franc remained steady within the EMS last week, enabling the central bank to ease domestic interest rates a little. The bank also bought small amounts of foreign exchange, mostly D-Marks, increasing Belgium's foreign reserves holdings. While remaining the weakest currency, the Belgian franc was firmly underpinned by continued improvements in the economy, lower inflation and a growing confidence shown by foreign investors. The D-Mark was the second weakest member, showing little overall change from the week before.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO: Share prices closed higher as buying centred on large capital issues in Saturday morning's session. The Nikkei Dow index rose 66.1 to 12,733 on turnover of 250m shares against 400m on Friday. Page 33

BELGIAN Finance Minister Frans Grootjans said the Government would fully back the troubled farm credit bank Institut National de Crédit Agricole, which is said to face losses of BFr 2bn ($34m).

IOWA state insurance commissioner took control of financially troubled Iowa Mutual Insurance and said the company would be liquidated unless a buyer able to infuse $65m in new funds could be found.

APPLE COMPUTER, which parted company last week with chairman and co-founder Steven Jobs, produced better-than-expected forecast of $12m to $15.2m profits for its fourth quarter to September 30. Page 22

WHEELING-PITTSBURGH: Allen Paulson, largest shareholder, took over as chairman of the troubled U.S. steel group in the wake of the resignation of the previous chairman and chief executive and the entire board except Paulson. Page 21

SANLAM, South Africa's second largest insurance group, is to refinance and acquire majority and management control of the troubled Kirsh Trading Group, which controls Checkers, the country's largest supermarket chain. Page 22

HANSON TRUST: New York Appeals Court is to begin a hearing on an appeal by the British-based industrial holding group aimed at preventing the continued frustration of its bid for SCM, the U.S. conglomerate. Page 22

THAILAND'S Y50bn credit now seems unlikely to erase the stigma the Euroyen market has suffered from since the failure of Sweden's attempt to raise Y100bn in April. Page 21

U.S. calls big five to crisis meeting on world economy

BY STEWART FLEMING IN WASHINGTON AND MAX WILKINSON IN LONDON

FINANCE MINISTERS and central bankers from the Group of Five leading industrial countries were meeting yesterday in New York in a public demonstration of their mounting concern about the deteriorating international debt situation and the economic imbalances and protectionist pressures threatening the world economy.

The meeting, called by the U.S., was accompanied by extraordinary publicity by the normally secretive Group of Five, came on the eve of the UN General Assembly meeting in New York, where leaders of struggling Latin American debtor nations, including President Jose Sarney of Brazil, were expected to call for fundamental changes in the way the international debt crisis is being handled.

It came, too, within 24 hours of a speech today on U.S. trade policy by President Ronald Reagan, who is faced with a growing rebellion on Capitol Hill against his economic policies and his failure to address more urgently the issues raised by the soaring U.S. trade deficit.

The extent to which Mr Reagan planned to link trade and protectionism with international financial imbalances in the world economy – a vital fact needed for a better understanding of the background to the Group of Five's decision to meet amid such publicity – was still unclear yesterday. So, too, were details of the agenda for the Group of Five meeting.

In Europe, the meeting was seen partly as an opportunity for the leading nations to present a solid front against the mounting calls for protectionism within the U.S. Congress.

Those pressures are now seen as a serious threat to the international trading system and the development of the world economy.

The U.S.'s partners therefore see a mutual interest in trying to ensure that the dollar continues to fall in an orderly way to a level that will help to bring the U.S. trade into a better balance.

In return for their help, they want a more positive assurance from the U.S. Administration that it will make further efforts to cut its federal budget deficit.

However, Mr James Baker, the U.S. Treasury Secretary, has told his European partners that he is not optimistic on that front because he sees little immediate hope of cutting expenditure and President Reagan will not consider tax increases. France, West Germany, Britain and Japan will hope yesterday's meeting can help to reinforce the lesson that the U.S. deficit, trade problems and Third World debt are all interlocked.

On the other hand, all the Western nations used the meeting to put heavy pressure on Japan to take further substantial steps to open up its markets.

That is seen as vital in the short term to deflect the frustrations of Congressmen who believe U.S. jobs are being sacrificed on the altar of free trade and Japanese imports.

As the weekend meeting of European finance ministers in Luxembourg showed, however, there is little enthusiasm in Europe for radical measures either in relation to the Third World debt problems or to the U.S.'s trade and currency difficulties.

Instead, the European emphasis was on the prospects for a respectable economic recovery based on mutually reinforcing policies of fiscal and monetary discipline. In that respect, the U.S. is seen as the odd man out and its difficulties as self-inflicted.

Some monetary officials were suggesting that the publicity sur-

Continued on Page 20

Banks warn on debt crisis, Page 2; EEC finance ministers meet, Page 4

Rescue hopes fade after second Mexican quake

BY DAVID GARDNER IN MEXICO CITY

HOPES WERE fading yesterday for the many thousands of people still trapped under the rubble of buildings devastated by the earthquakes in Mexico City.

The first major international relief has begun to flow into the capital which housed 17m people, but the heavy new tremor which rocked the city on Friday night, 36 hours after the huge quake ripped apart six central neighbourhoods on Thursday morning, appears to have sealed the fate of most of those still buried.

At least 20,000 people are now feared dead, although fewer than 2,000 bodies have been recovered from the wreckage of masonry and twisted metal.

Information is still sketchy, but it is clear that Friday's quake appears to have caused massive destruction, in the south of the central Pacific coast state of Jalisco near the epicentre of both shocks. Jalisco is Mexico's fourth most populous state with 4.5m inhabitants. One of its main towns, in Ciudad Guzman, has been razed, some reports say.

In the capital, the army and relief workers are helped by tens of thousands of volunteers, many of them scrambling through the ruins, with little more than their bare hands.

On Saturday morning, 58 babies were recovered from the maternity ward of the ruined Centro Medico, the biggest public health complex in Latin America where up to 1,000 people are still feared trapped. "They have been born again," a doctor who survived the hospital's collapse said on television.

On Saturday morning survivors were also pulled from the ruins of the Labour ministry, one of five ministry buildings destroyed by Thursday's disaster. There is no accurate picture of how many children may have been in the more than 30 schools smashed to the ground since classes start at varying times, but some began at 7.15am, thre minutes before the destruction began.

Friday's shock, measured at 7.3 on the Richter scale, lasted for more than a minute and brought down more buildings. It caused panic and chaos as people in the central areas poured into the streets and the capital's few open spaces.

The second earthquake originated at the mouth of the Rio Balsas off Michoacan state, the same part of the Pacific ocean floor, known as the Cocos Plate. Geological experts say the plate cut into the Mexican coastline on Thursday, triggering a shock measuring 7.8 on the Richter scale which lasted for more than two minutes at its full intensity.

Friday's tremor appears to have ripped along the same fault lines erupting in the same six areas of downtown Mexico City, which took the force of the earlier quake.

Mr John Gavin, the U.S. ambassador, said after flying over the city, by helicopter before Friday night's shock wave, that there were "places where it looked as though a giants' foot had stepped on the buildings."

The atmosphere in these central areas which had been cordoned off by the army, in order to prevent looting and not to hamper relief work, is thick with the stench of rotting corpses mixed with gas leaking from hundreds of household fuel cisterns caught in the rubble. The gas leaks are menacing relief workers with explosions and fires, while the decomposing corpses threaten to unleash an epidemic of disease.

The health authorities and the first foreign medical teams now operating are fumigating these areas and vaccinating against typhoid and tetanus, though damage to the capital's water supplies is spreading the risk of disease over a far more extensive area.

City in rubble, Page 3

Scargill to lead new federation of unions from East and West

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN PARIS

A FEDERATION of trade unions known as the International Mineworker's Organisation (IMO), bringing together unions from the coal and energy industries in the West and Communist countries, was launched in Paris at the weekend.

Headed by Mr Arthur Scargill, president of the British National Union of Mineworkers (NUM), it is the biggest shake-up in the international trade union movement for more than 30 years.

More than 40 unions representing 3.8m workers have affiliated to the new organisation or have indicated their willingness to do so.

Mr Scargill, who with the French Communist-led union Confédération Générale de Travail has worked for four years to set up the group, said yesterday he expected at least 50 to 60 unions to be involved in the next few months.

The vice-Presidents are Mr Barry Swann, president of the 15,000-strong left-led Australian Mineworkers' Union, and Mr Mikhail Szrebny, leader of the 1m-strong Soviet miners' union.

The establishment of the federation has angered the International Confederation of Free Trade Unions (ICFTU), the organisation to which are affiliated most of the union centres in the market economies and in many developing countries.

ICFTU officials see the affiliation of the Soviet Union, Poland, Hungary, Czechoslovakia, East Germany and Bulgaria as proof of Soviet domination of the new federation.

Their suspicions have been further fuelled by the dissolution on Friday night of the Miners' Trade Union International (MTUI) section of the World Federation of Trade Unions – to which all communist-country unions belong – in favour of joining the IMO. M André Simon, formerly, secretary-general of the MTUI, is secretary-general of the new organisation.

It is the largest shake-up in the world of international trade unions, which are generally used as extensions of diplomacy, or of the cold war, since the split in the late 1940s produced the two antagonistic federations.

The Western miners grouping, the Mineworkers' International Federation, has now lost one of its two main props, the British NUM

Fabius admits French agents blew up ship

BY DAVID HOUSEGO IN PARIS

M LAURENT FABIUS, France's Prime Minister, officially confirmed last night that the French foreign intelligence services, DGSE, had blown up the Greenpace boat, the Rainbow Warrior, which resulted in the death of a Portuguese photographer.

In an unexpected statement on French television, M Fabius said the action had been concealed from the official government commission of inquiry, set up to establish the truth under M Bernard Tricot, an associate of General de Gaulle. He did not say who had given the orders but he described the action and the cover-up as "serious offences."

M Fabius announced that he was now in favour of a parliamentary commission of inquiry being set up to investigate the circumstances of the sinking of the Rainbow Warrior. But he added that the names of those who had blown up the ship would not be disclosed because they had acted under orders.

At the same time, he announced that a new head of the DGSE would be announced after Wednesday's cabinet meeting.

The Prime Mnister's statement came only two days after the resignation of M Charles Hernu, the former Minister of Defence, and was the first official confirmation that the French secret services had sunk the boat.

The implication is that the order was given within the military hierarchy. But M Fabius has accepted, in setting up a parliamentary commission, that the initiative might have come from a ministerial level or higher.

In acting so swiftly, M Fabius's intention is clearly to limit the political repercussions of an affair that is already damaging the President's authority.

M Paul Quilès, the new Minister of Defence, has been instructed also to carry out further investigations. Those will be conducted in parallel with the inquiries being made by the French press and the New Zealand police authorities.

Dai Hayward in Wellington writes: Earlier yesterday, Mr David Lange made clear that New Zealand still expected an apology from France over the sinking of the Rainbow Warrior, but would not pursue it at present.

"The French Government seems determined to commit Gallic hara-kiri, and we will let them get on with it," the Prime Minister said.

Mr Lange said he keow that more than five French secret service agents were operating in New Zealand in the weeks leading up to the bombing and sinking of the Rainbow Warrior.

Mitterrand now a wounded combatant, Page 18

Airbus wins $1.6bn Indian Airlines order

BY JOHN ELLIOTT IN NEW DELHI

THE European Airbus consortium has won a significant victory in its worldwide sales battle with Boeing by beating the U.S. aircraft manufacturer to an order worth up to $1.6bn from Indian Airlines, India's rapidly expanding domestic carrier.

Boeing defeated Airbus for the first stage of the orders, worth about $560m, in June last year and received a letter of intent and a refundable deposit of $800,000. But Airbus successfully reopened negotiations in October last year and has won after some controversial price-cutting.

The decision to switch the order, which may affect Indo-U.S. trade relations at a time when U.S. industry is taking an increasing interest in India, was made by Mr Rajiv Gandhi, Prime Minister. He is also Minister for Aviation and has come under heavy political pressure from the U.S. to give the order to Boeing.

Airbus's success is an important coup for France and shows how the country has managed quickly to repair damage to its relations with India caused by the uncovering early this year of a spy ring in New Delhi that included French diplomats.

Boeing was to have supplied 10 to 12 of its 757 208-seat aircraft, which were chosen in preference to the Airbus A-310 to start a big ordering programme by Indian Airlines costing up to $14bn in the next 15 years.

Airbus reopened the negotiations with its 164-seat A-320, which has yet to fly, and there is some controversy about how much it has had to drop its official price. Industry officials in New Delhi suggest that, with general concessions, the net price may be as low as $25m an aircraft. But Mr Ranjit Jayaratnam,

Continued on Page 20

Coup for Airbus, Page 6

McMahon quits Bank of England to head Midland

By David Lascelles, Banking Correspondent, in London

MR CHRISTOPHER McMahon, deputy governor of the Bank of England and one of the most highly regarded figures on the UK financial scene, is to leave his post next year and join the board of Midland Bank, Britain's third-largest commercial bank.

He is to become chairman of Midland in 1987.

The exact timing of Mr McMahon's departure from Britain's central bank has not been decided. It is likely, however, that he will resign at the end of the Bank's financial year next February and then leave a suitable interval before joining Midland by mid-1986.

Mr McMahon's acceptance of Midland's invitation to become chairman is a spectacular coup for Britain's most problem-ridden clearing bank.

But Midland's gain is the Bank of England's loss: it confirms that there has been unhappiness at high levels in Threadneedle Street, and it opens up the succession question at a sensitive moment.

Midland could hardly have secured a more highly regarded figure. As deputy governor, Mr McMahon's range and experience are unique, and his intellectual abilities enormous, delivered as they are with unstuffy clarity and a twang that betrays his Australian origins.

Only last week he made a keenly argued speech in Switzerland about the risks of modern-day finance, which will be a seminal text for students and practitioners of banking for some time to come. In the light of yesterday's news, it looks like a swan song.

His departure, however, is not altogether a surprise. Speculation about Mr McMahon's future began three years ago when Mr Robin Leigh-Pemberton, an outsider, was appointed governor by Mrs Margaret Thatcher in preference to him, even though he had all the right qualifications (except evidently, political acceptability) and was the same age.

Fresh questions sprang up last winter when his own reappointment seemed in doubt in the wake of the Johnson Matthey Bankers affair, although in the event it came through. Job offers poured in, and he must have had his pick of the plums in business and academia (where he was before joining the Bank of England), or one of the supranational financial agencies.

Continued on Page 20

Men and Matters, Page 18

CONTENTS

U.S. seeks support to put its economic house in order

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

In one important sense at least, the meeting of the economic leaders of the five industrial powers in New York yesterday was unnecessary.

As Herr Karl Otto Poehl, *President of the West German* Bundesbank, said before the meeting was announced: "Everyone knows what needs to be done. What is important is that we all move in the right direction."

However, it is one thing for the exclusive club of top central bankers and finance ministers (Herr Poehl's "everyone") to agree a response to the U.S.'s debt and trade problems. It is *another matter, as he implied,* to get things moving—especially if that were to involve convincing Congressmen and the U.S. President of the need for unpalatable measures.

This propagandist purpose may therefore have been a major reason why Mr James Baker, the U.S. Treasury Secretary decided two weeks ago to host this special meeting of the secretive Group of Five (G5) in New York.

The G5 would otherwise have been expected to meet inform*ally in Seoul, South Korea in* the run-up to the International Monetary Fund's annual conference next month. This is the normal occasion in which the world's most powerful economic statesmen meet to decide their agreed position on issues like the international economy, debt problems and the workings of the Fund.

The agenda could only be familiar: the need for the U.S. *to make a renewed effort to cut* its budget deficit.

This is seen by the Europeans as a sine qua non, since it is the key to a cutting of U.S. interest rates, their hopes for an orderly "correction" of the dollar, and a reduction of the U.S. trade deficit.

The urgency of this has been underlined by increasing fears that the Latin American debt crisis will come to the boil again, as Mexico and Brazil face increasing political difficulties in pushing through their IMF *adjustment programmes.*

In relation to these threats a promise of some more trade liberalisation by Japan and a slightly more expansionary economic policy in Europe seem weak remedies.

The fact that Mr Baker, called for a special meeting, well in advance of the *IMF* conference, suggests that he has become worried by the increasingly raucous cries for protectionist measures in the U.S. Congress and is anxious to enlist international support quietening the clamour. He may also want to show Congress and the President that renewed efforts are needed to cut the budget deficit.

He may also have hoped to impress on France that the announcement of a new round of negotiations under the General Agreement on Tariffs and Trade (GATT) should be done to weaken the threat to world trade.

Another *powerful motive for* an early meeting may have sprung from the fact that the dollar was rising for most of the early part of this month when Mr Baker was sending out his invitations.

Everyone agrees—and this is a very wide "everyone"—that *the U.S. dollar will need to fall* a lot further if the U.S.'s $100bn (£74.6bn) trade deficit is to be turned round into something like a balance.

The U.S. Treasury Secretary may well be anxious that the other four major powers—Japan, West Germany, France and the UK should stand ready to make a further concerted effort to keep the dollar moving downhill, as they did in February.

Short term interest rates on both sides of the Atlantic have drifted downwards at remarkably similar rates, to maintain the important differential which appears to have helped to shift *portfolio preferences away from* the dollar since the early spring.

Since there is now an increased inflationary risk in the U.S. and a general presumption that short term interest rates have become stuck at around present levels, central bankers will need to review the way in which their policies mesh together.

For example, if West Germany, *or the UK, decided to* ease interest rates to keep up the momentum of economic growth, this would carry the risk that the generally downward track of the dollar since February would be reversed.

For Mrs Thatcher, who is accustomed to think of the pound in terms of its dollar value, this is a familiar problem. But she and other European leaders may not find it so easy to think in terms of the trade-off between domestic or European growth and U.S. Con*gressional pressure for* trade restrictions.

The Europeans no doubt argued strongly to Mr Baker that they cannot be responsible for solving the problems caused by U.S. fiscal imprudence.

But the fact that the three European powers and Japan agreed to go to New York this weekend, suggests that there is an urgent need to get beyond the political posturing which has *so often* wrecked the seven-power economic summit meetings between heads of governments.

As one European official said before the outcome of the meeting was known yesterday: "It is worth a try. At least if it fails we will be no worse off."

Mrs Thatcher . . . Congress presure poses question of trade-offs

Top bank warns on debt crisis

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

A NEW warning that measures taken since early 1982 to deal with the developing country *debt crisis* have *proved* inadequate comes today from Morgan Guaranty, the U.S. money centre bank which has been closely involved in several debt rescheduling exercises.

A study written by Mr Rimmer de Vries, its top economist and a leading expert on world economic affairs, says that despite initial improvements in their balance of payments, the main debtors have failed so far to secure a viable long-term economic future.

Living standards are still about 10 *per* cent below precrisis levels and, ominously, there has been no decline in the key ratio of total debt to exports and only a small drop in the share of export earnings taken up by interest payments.

Unlike last week's report by the Inter-American Development Bank, which was fiercely critical of the International Monetary Fund, Morgan says, however, that the only solution is a strengthening of the present co-operative approach. In particular, the debtor countries themselves must put a more conscientious effort into economic adjustment.

The study, which is to be published in the bank's magazine World Financial Markets, discounts from the outset the possibility of any grandiose schemes for debt relief on a world scale, let alone a more drastic unilateral default by debtors. This would only delay further their chances of regain*ing access to badly needed* trade credit and investment capital.

DEBT TO EXPORT RATIOS*	1982	1984	1985
Argentina	406	473	483
Brazil	339	322	368
Chile	333	402	442
Ecuador	240	260	254
Mexico	299	293	322
Peru	251	330	370
Venezuela	149	377	201
Nigeria	85	165	180
Philippines	270	312	342
Yugoslavia	167	166	160

* Average of gross external debt at beginning and end of year as per cent of exports of goods and services.

It says that each of the three main prongs of the solution adopted since 1982 *has* failed to live up to expectations. All of these — a policy of restoring growth with lower interest rates in industrial countries, economic adjustment by debtors and efforts by the IMF to facilitate fresh capital flows to the developing world, must now be strengthened.

The outlook for world economic growth, trade and commodity prices is of particular concern. Exports of the ten leading debtors (Argentina, Brazil, Chile, Ecuador, Mexico, Peru, Venezuela, Nigeria, Philippines and Yugoslavia) have dropped by 6 per cent in 1985. Export growth in the preceding two years was heavily tilted to the booming U.S., which bought 28 per cent *more from* the debtors while Japan bought 20 per cent less.

In the face of a U.S. slowdown, therefore, a first priority for industrial countries must be to take advantage of the present low levels *of* inflation to boost economic growth so as to enhance export opportunities for debtors.

The U.S. must work towards a reduction of real interest rates. "There is little justification for 8¼ per cent Eurodollar deposit rates or long-term U.S. Treasury yields of almost 11 per cent," the study says.

For their part debtors must step up the fight against inflation to create a stable environment for domestic savings and investment.

"Complacency in fighting inflation is foolhardy," it says, citing for example Argentina. "The Government's initial attempt to reactivate Argentina's economy yielded next to nothing in terms of growth, helped drive the inflation rate above 1,000 per cent and led to recession. It is the drastic stabilisation programme put in place in June 1985 — harsh even by IMF standards — that holds out the promise of a sustainable recovery of economic growth in 1986-87."

Turning to the IMF itself, the study notes that debtor countries are now having to repay funds advanced earlier. These repayments will climb to $6bn (£4.37bn) next year and almost $8bn in 1987, which means that few of the debtors have any financial incentive to seek *further IMF help.*

Access by debtors to IMF resources must be increased, the study argues. If necessary, the *IMF should borrow from today's* surplus countries, particularly Japan, to provide extra finance. "Only an IMF that is positioned to disburse meaningful amounts of finance will have the necessary clout," it says.

The World Bank should also strengthen its lending, particularly through broadly based structural adjustment loans.

Finally, ways must be found to persuade commercial banks to continue lending. Here an innovate approach is need d including options to lend in home currencies, co-financed project lending and greater freedom within rescue packages for banks to select individual borrowers of their own choosing from the countries concerned.

Community rejects global solution

By Quentin Peel in Brussels

FINANCE MINISTERS of the EEC have set their sights firmly against any global solutions to current international debt problems, or any early moves towards international monetary reforms to dampen the fluctuations in exchange rates.

In spite of the broad areas of uncertainty within the international *economy* — concerning exchange rates, divergences in interest rates, oil prices, and the level of the U.S. deficit — there is *widespread agreement within* the Community on the need to let present arrangements take their course.

That was the general laid-back conclusion of the latest informal get-together of the ten Finance Ministers, joined *by their colleagues from* Spain and Portugal, in Luxembourg this weekend.

The gathering clouds of the *international economic scene failed to cast a shadow over* the unseasonably sunny meeting, which was equally un*tainted by any of the doctrinal* or budgetary disputes of the past.

Inevitably, the prospects *for slower world economic growth,* and the growing danger of protectionism affecting international trade, were raised in the talks. But radical solutions were not in prospect.

"All the Community countries agree that current *management of the debt* problem is working. They want to avoid panic reactions," according to one of the handful of *officials* in attendance.

Mr H. Onno Ruding, the Dutch Finance Minister and current chairman of the IMF Interim Committee, said the general conclusion was that major debt problems must continue to be dealt with on a country-by-country basis.

"These are financial problems, and not mainly political ones," he said. There was also agreement that the Fund and the World Bank should "be given sufficient room to play their respective roles," and not be forced to act as a single large organisation.

Discussions on international monetary reforms at the forthcoming IMF Interim Committee meeting, before the annual meeting ofthe Fund in Seoul, would still be preliminary discussions, he said.

However it was unanimously agreed that any further work on possible reforms should be carried out by the executive *board of the* Fund, and not by new ad hoc groups.

Latin American leaders plan UN campaign

BY ROBERT GRAHAM

PLANS BY Latin American leaders to launch a campaign to publicise the problems of debt from the platform of the United Nations General Assembly this week have been both complicated and dramatised by the Mexican earthquake.

President Miguel de la Madrid of Mexico was due to give the keynote speech on September 24 but he is now understood to have cancelled his plans as a result of the earthquakes.

Instead, the banner will be taken up first by the Brazilian President Sr Jose Sarney, and then by the radical young president of Peru, Sr Alan Garcia.

The initiative was set in motion when Latin American *leaders met in Lima at the end* of July for the inauguration of Sr Garcia. Since then the Mexicans have become increasingly concerned *about the attitude* of both the International Monetary Fund and the commercial banks

The Brazilians have been trying to work out a new relationship with the IMF while Peru has been insisting that debt service be limited to 10 per cent of a nation's export earnings.

This relatively co-ordinated approach to highlight the problem of the region's $360bn (£268bn) debt has also led to reports of an informal meeting between Latin American leaders and bankers at the UN in New York — regarded as neutral territory.

Sarney expected to defend need for economic growth

BY ANDREW WHITLEY IN RIO DE JANEIRO

PRESIDENT Jose Sarney of Brazil is expected to make an impassioned defence of the need *for economic growth* to permit the recently *restored* democracy in Latin America to take root, at today's opening session of the UN's General Assembly.

The Brazilian leader, in office since last March, is likely to argue that any growth rate below 5 per cent could engender political instability, bearing in mind his country's birth rate of over 2.5 per cent.

In its preliminary discussions with the International Monetary Fund, on a new adjustment programme, Brazil has insisted that its commitment to a growth of 5 to 6 per cent over the rest of the decade cannot be compromised.

Over the weekend a senior finance ministry official strongly criticised the IMF's traditional approach to dealing with the Third World's debt question as "completely inadequate."

Sr Luiz Gonzago Belluzzo, recently appointed as economic advisor to Sr Dilson Funaro, the new Finance Minister, said the recipe provided so far by the Fund had not obtained any results

Increase in non-Opec production forecast

By Dominic Lawson

OIL production from countries outside the Organisation of Petroleum Exporting Countries is set to increase over the next *few years, putting* further pressure on Opec's revenues and unity, according to a major report by Petroconsultants, the Houston-based oil consultancy.

The report estimates that, on the assumption of a constant $25 a barrel oil price, non-Opec production will peak at 38.7m barrels of oil a day in 1988.

This compares with last year's production by non-Opec countries of 36.9m b/d, itself a record.

Since the first oil price shock in 1973 non-Opec output had increased by 12.3m b/d, as producers such as Britain and Norway took advantage of the high oil prices imposed by Opec.

To maintain high prices Opec has been forced to halve its output to its current level of only 15m b/d. Saudi Arabia has seen its production decline *from* 9.6m b/d to little more than 2m b/d in only five years.

The Kingdom is to sell its oil outside the official Opec price structure next month for the first time to prevent its exports dwindling still further.

The Petroconsultant's report, based on an analysis *of* 8,000 oilfields worldwide, shows that the pressure on Opec is set to increase still further over the next few years.

However, the report forecasts a decline in non-Opec production after 1988, mainly because of an inexorable fall in UK North Sea output,

The decrease in non-Opec production over the 1988-1995 *period will be "only 3.9m b/d"* says the report, but by the end of that period non-Opec output will be declining at an annual *rate of* 2.1 per cent.

In the event of a price collapse to $18 a barrel, the report predicts that non-Opec pro*duction would rise rapidly to a* peak of 39m b/d in 1987, and then decline speedily to only 30.7m b/d in 1995.

The reason given is that Mexico would be forced to increase production significantly to compensate for falling export revenues.

Petroconsultants points out that while overall non-Opec production will decline over the 1985-1995 period, big increases in some areas will occur.

Declines are expected in North America, Europe and Far East, and the Eastern bloc. Particularly in the 1985-1990 period, large declines in the U.S. and the UK will be more than offset by increased output by Brazil, Columbia, Norway, Angola, Egypt, North Yemen, Syria and India.

Worldwide non-Opec crude oil production—an analysis of long term crude oil supply to 1995. Petroconsultants Inc. 2 Houston Center, P-330, Houston, Texas, 77010 USA. Price: $15,000.

OVERSEAS NEWS

David Gardner reports from Mexico City on the devastation caused by the earthquakes

Heart of a city reduced to rubble

"THE worst earthquake since Tenochtitlan," said one paper, groping back four and a half centuries to the destruction of the Aztec capital, in search of something against which to measure the devastation caused by last week's quake.

From the air Mexico City bears an uncanny resemblance to the Aztecs' island city, built in the middle of a lake, with little satellite settlements near causeways linking the whole to the "mainland" of the valley of Mexico.

After last week's earthquake causeways of light cut a swathe through areas which were in pitch darkness except for blazing fires. The main structural difference to the old Aztec town plan was a gaping black hole in the middle of the city.

This encompassed the central areas worst hit by the first quake, which struck at 7.18 am local time on Thursday morning, with a force of 7.8 on the Richter scale. The capital's two main national health hospitals and a state funded cheap high-rise development in the Tlatelolco district, holding at least 2,000 people, were virtually obliterated.

Public buildings, including the Attorney-General's office, the Trade and Industry Ministry, the headquarters of Nafinsa, the National Development Bank, and offices of the Labour, Tourism and Communications Ministries, were wholly or largely destroyed.

In six central neighbourhoods, roughly between a third and a quarter of buildings have been reduced to rubble. Many colonial and working class areas around the national palace and Mexico City's main square, the Zocalo, look as though they have been saturation bombed.

At least 20 central hotels were badly damaged and six of them have practically vanished, adding to the gap-toothed look of much of the downtown area of the city. A six-floor office building opposite my apartment building, for example, was reduced in seconds to six feet of what can more accurately be described as dust than rubble.

The central communications tower was burnt down, leaving not only Mexico City but the rest of the country incommunicado. Inexplicably, even allowing for the obsessive centralism of Mexico's rulers, there appears to be no back-up system against precisely such an eventuality. Mexico suffered major earthquakes in 1911, 1937, 1957 and 1973, and according to local geologists receives around 1m earth-tremors a years from the Pacific quake zone.

The epicentre of this quake was 350km south east of the capital off the Pacific coast of Michoacan. It laid waste to the pilot industrial town of Lazaro Cardenas, but a clear picture of damage to the Pacific coast and resorts such as Acapulco and Zihuatanejo has yet to emerge because of communications difficulties.

The Government has mobilised the army and police, supplemented by tens of thousands of volunteers. The 17m inhabitants of this normally anarchic city once again unleashed a wave of moving solidarity, as they did when a gas plant operated by Pemex, the state oil monopoly, exploded in Mexico City last November, killing at least 500 people.

Officials have nevertheless been understating the extent of the destruction. They stress that the Government is fully prepared to deal with the disaster, and, somewhat irrelevantly, that national security has been safeguarded as the Interior Minister put it on Thursday night.

The Government's estimates of the death and destruction fall far short of what is visible to the naked eye.

In the schools, hospitals, hotels and Tlatelolco flats alone, over 5,000 may have died. At the same time, relief workers constantly stress their need for heavy earth-moving machinery and oxygen supplies, of which the army simply does not have enough.

Although the shock path of the quake looks as arbitrary as the trails that bomb blasts sometimes take, leaving some buildings intact and hitting others, there is a partial pattern to the destruction.

Public buildings have fared particularly badly, appearing to give substance to decades of allegations that many of them were poorly built by private contractors in collusion with corrupt officials whose rake-off came, ultimately, from the building's budget.

Another question being asked once more concerns the foundations of the city itself. Built on the original lake, as Tenochtitlan was, Mexico City's sub-soil is profoundly unstable, but drainage of the lake, in part to provide the city with water, has left parts of the valley more vulnerable to seismological shifts than others.

The sort of question now being asked, therefore, is why a central cinema complex, demolished by Thursday's quake, was granted planning permission on exactly the same site where an earlier cinema went down in the 1957 earthquake.

Sr Fernando Perez Correa, the deputy Interior Minister, has firmly denied that the level of damage had anything to do with building standards in the public sector.

Furthermore, he argued, public buildings and government offices tended to be concentrated in the badly hit centre of town,

Nevertheless, the hospitals, most of the schools and, for example, the virtually demolished Trade and Industry Ministry and Attorney General's office are of relatively recent construction. Some press commentary here has therefore revived the frequent allegations that many public buildings were poorly constructed by private contractors, in collusion with corrupt officials whose commission may have come out of the buildings budget.

But of most immediate concern is Mexico's need for outside relief aid. Strapped with a $96bn (£73.8bn) foreign debt and still to emerge from the worst economic crisis for half a century, it is unconceivable that this country can find on its own the major reconstruction resources it will now need.

Major flows of international aid started to come in to Mexico over the weekend. Virtually all Latin American countries, the U.S., Canada, Europe and Japan, have started to pour in money, equipment, personnel and medicine. The Brazilian president, Sr Jose Sarney, personally accompanied an aid consignment from Brazil, writes David Gardner in Mexico City.

On Saturady afternoon a U.S. Air Force C54 transport arrived with five fire-fighting helicopters, "Bambi Buckets" which are attached to helicopters for spraying and dog and handler teams trained to find people buried in rubble.

Mr John Gavin, Washington's controversial Ambassador, on Saturday announced that Mrs Nancy Reagan would arrive this week to express U.S. sympathy with the Mexican people. Though unwilling to place a figure on the cost of reconstruction or whether the U.S. would be contributing to them, he said: "We are talking about hundreds of millions of dollars." The Bank of Mexico's national reconstruction fund will be divided into three accounts, beginning with hospital reconstruction, followed by schools and state housing for what will surely be hundreds of thousands of Mexico City's 17m inhabitants made homeless by the quakes.

Withdrawal of troops from Angola 'completed'

By Our Johannesburg Correspondent

SOUTH AFRICA yesterday announced the safe withdrawal to base of all the 480 troops involved in its week-long cross-border raid against Swapo (South West African People's Organisation) guerrillas in Angola. Meanwhile Dr Jonas Savimbi, leader of the South African-backed Unita movement, accused the Soviet Union of masterminding a major offensive against Unita.

General George Meiring, chief of the South West Africa Territorial Force (Swatf) said that 15 Swapo guerrillas had been killed in nine clashes while 49 were captured and four ammunition dumps containing mines, guns, ammunition and other equipment had been located and seized.

General Meiring said the operation had been restricted to an area near Nehome and Evadale about 100 kms inside Angola

Dr Savimbi told local and foreign newsmen who flew into Unita headquarters at Jamba, north of the Caprivi strip which separates Botswana and Namibia from Angola. That Soviet personnel were "directing artillery, driving tanks and armoured cars and flying helicopters" in the current Angolan attack against Unita forces.

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S. African opposition groups launch alliance to fight apartheid

BY ANTHONY ROBINSON IN JOHANNESBURG

OVER 150 South African politicians, business leaders, academics, lawyers and civil rights activists gathered together over the weekend to launch a "convention alliance."

The group is dedicated to promoting the idea of a national convention at which all the actors in the South African drama should sit down to hammer out a democratic and multi-racial constitution.

The alliance, brain-child of Dr Frederick van Zyl Slabbert leader of the white opposition Progressive Federal Party (PFP) and Chief Gatsha Buthelezi, leader of the 1m strong Inkatha movement, reflects mounting concern at the erosion of the middle ground in South African politics and the growing polarisation which has accompanied a year of violence and repression exacerbated by the deep economic recession.

A 10-man multi-racial steering committee headed by Mr Jules Browde, a Johannesburg senior councillor, has been formed to set up the alliance whose objectives are "to bring about by non-violent means and in the shortest time possible the complete dismantling of apartheid and the negotiation through the convention of one constitution based on one citizenship in one country."

Chief Buthelezi said the aim of the convention was to create a groundswell of opinion which would put pressure on President Botha and the widest possible spread of poltical leaders, including the banned African National Congress and the right wing Conservative Party, to come together around a table to negotiate the future.

Both the National Party Government and the ANC in exile have dismissed the convention concept.

President Botha last week re-affirmed the Government's refusal to negotiate with the ANC until it forswears violence. The ANC has stated that it is only prepared to discuss the repjlacement of the present system by one man, one vote in a unitary state. This would mean black majority rule.

This weekend's preparatory meeting took place in the absence of any representative from the United Democratic Front or the black consciousness Azapo movement. Bishop Desmond Tutu also declined to attend.

Both the PFP and Inkatha are anxious for the convention concept to be seen as a broadly based, all-inclusive association and not as their political ploy. Both stress that any future decision to call such a convention would have to be taken by the Government, but recent months have seen growing links between the two organisations.

The PFP sent a top level delegation to the Inkatha congress in Ulundi three months ago.

Spanish vessels attacked off Western Sahara coast

BY DAVID WHITE IN MADRID

CONFUSION GREW yesterday over an incident off the coast of Moroccan controlled Western Sahara over the weekend in which a Spanish fishing vessel and a navy patrol boat that went to its rescue were attacked from the shore.

One seaman was killed, two others wounded, and the seven crew members of the fishing vessel were missing and believed to have been captured.

The Polisario front, which is fighting for independence of the one time Spanish territory, yesterday denied responsibility and blamed Morocco.

Earlier, both the Moroccan authorities and the Front's representatives in Algiers had refused to comment on the attacks.

The patrol vessel Tagomago, alerted by another vessel, found the fishing boat Junkito burnt out, with nobody aboard and reportedly without its liferafts. It was then shelled from the shore. The Junkito, which was based in the Canaries and had evidently been fishing well within the 12-mile coastal zone, later sank.

The Spanish Foreign Ministry decribed the incidents on Friday night and Saturday morning as "extremely serious" and warned of "political consequences."

Since Spain handed the territory over to Morocco and Mauritania 10 years ago, numerous Spanish fishing boats have been attacked by the Polisario, which claims rights over the coastal waters.

The attacks threaten the already tenuous relations between the Polisario and the Spanish Socialists

Despite previous support for the Polisario as legitimate representatives of the territory's inhabitants, the Socialist Government has neither recognised the Republic declared by the Front nor given the Front diplomatic status.

It has meanwhile cultivated its links with Rabat.

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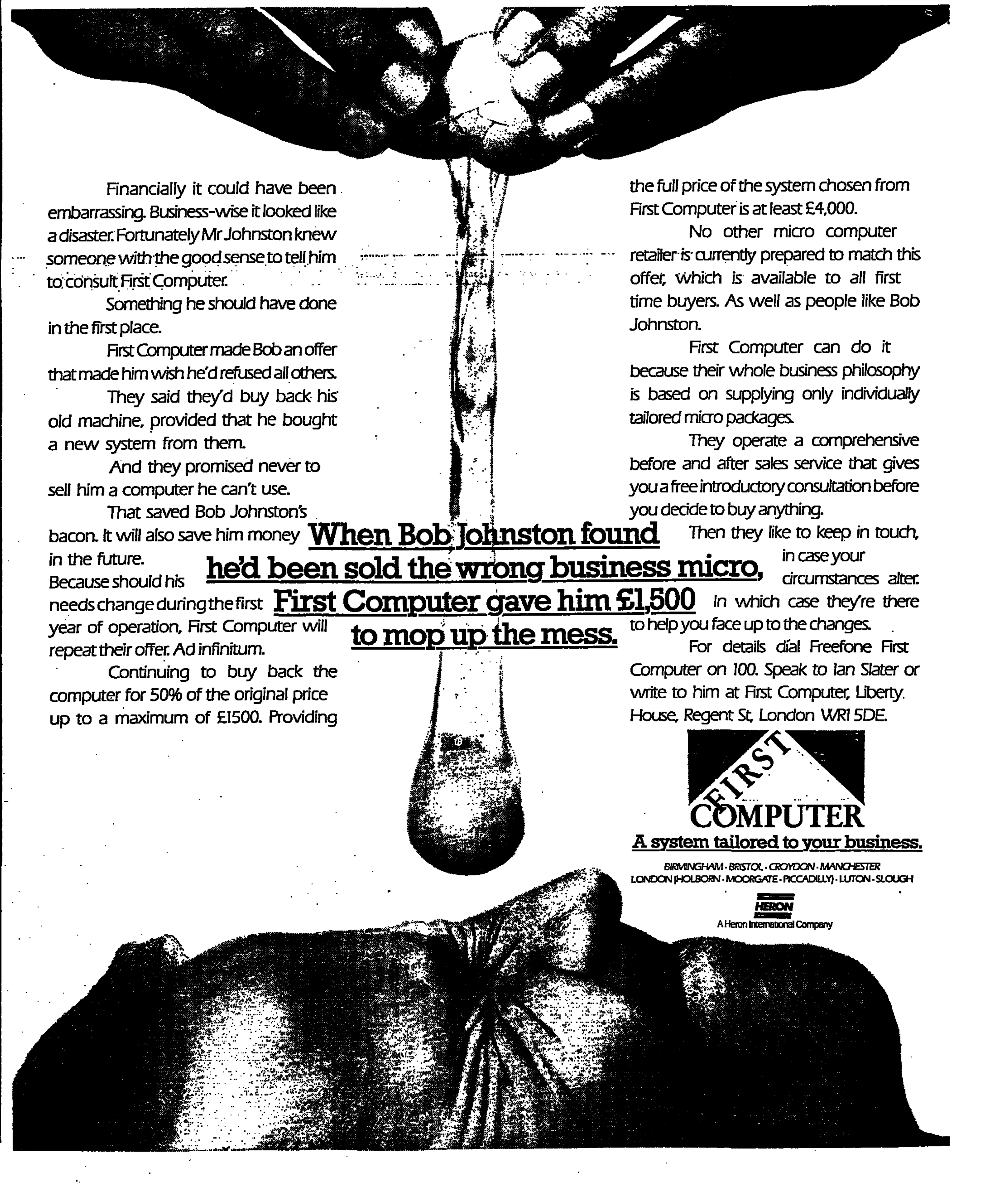

OVERSEAS NEWS

Top Reagan aide hopeful of arms control deal

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. and the Soviet Union have "very good prospects" of reaching some kind of arms control agreement in the coming year, Mr Robert McFarlane, President Ronald Reagan's National Security advisor, said yesterday.

Mr McFarlane's unusually optimistic forecast, came a day after Mr Reagan had again *warned against raising* "*false* hopes" in advance of his summit meeting with Mr Mikhail Gorbachev, the Soviet leader, in Geneva in two months.

Taken together the two statements suggested that the Administration is not expecting the November summit to produce a detailed arms control pact, but is instead hoping that it will lay the foundations for subsequent negotiations by establishing broad agreement on principles.

Mr McFarlane said on ABC Television that there were certain "fundamentals" that both sides *could* accept. These were the need for some form of strategic defence, in which Moscow had an "enormous investment" and the need for reductions in offensive nuclear weapons. The aim was to find the right mix between offensive and defensive weapons.

Mr MacFarlane was not deterred by Moscow's refusal to negotiate until Mr Reagan agrees to scale back his Star Wars space defence programme. The Soviet Union had changed its position in the past and could do so again.

Meanwhile, he insisted, the U.S. had no choice, but to proceed with Star Wars research and testing in the light of the *massive range of offensive* weapons that the Soviet Union planned to deploy in the next few years. The offensive balance would be come very unstable "within this decade" if Moscow went ahead with deploying weapons that the U.S. could not find or count, he said.

Mr McFarlane hinted at a *major conciliatory gesture* by Washington before the summit. He suggested that the Administration might not publish a report on Soviet compliance with past arms control treaties, due by November 15, four days before the summit is due to open.

Hardliners in the Administration have been relying on the report to help torpedo the arms control process by demonstrating that Moscow cannot be trusted to comply with arms limitation agreements.

Swiss voters reject plan to guarantee venture loans

SWISS voters yesterday threw out a government plan to back new business ventures with loan guarantees, Reuter reports from Zurich.

The Innovation Risk Guarantee (IRG) adopted by the Government *would have* provided SwFr 100m (£31.3m) over the next 10 years to back loans *for setting up new companies.*

But in the referendum, 56.8 per cent of the voters rejected the IRG. Business groups and conservative political parties had waged an intensive campaign to stop the guarantee system.

Although the plan had been ratified by the Government, two of the four parties represented in the Cabinet voted against *it* at party congresses in the run-up to this weekend's polling.

Mr Kurt Furgler, Economy Minister and Federal President, had argued strongly in favour of the plan as a way of closing the technology gap with other countries and of creating secure jobs for the future. But opponents contended it was an undesirable *intervention* by the Government in the workings of free enterprise.

In a second referendum vote, Swiss wives won equal rights with their husbands by a majority of 54.7 per cent in favour of the law *adopted* by parliament a year ago. The turnout was 40.5 per cent of the country's 4m voters.

Rockets batter port of Tripoli

By Nora Boustany in Beirut

THE northern Lebanese port of Tripoli took a heavy battering yesterday in the eight-day-old war between Syrian-backed militiamen and *Sunni Moslem fundamentalist* groups that has left over 140 people dead, 416 wounded and 200,000 people homeless.

Rockets and shells crashed into densely populated neighbourhoods of Tripoli's downtown area and the arrival of a Syrian military delegation failed to halt the fighting. At least 200,000 of the town's *population of 700,000 fled at* first light, piling their belongings into cars and driving into the countryside.

The Syrian-affiliated Arab Democratic Party, which has been battling with the fundamentalist Islamic Unification Movement for control of Tripoli and its Mina Harbour, on Saturday warned ships anchored off the coast to leave. When they failed to do so, fighters of the Arab Democratic Party shelled the port hitting two of the vessels.

The pretext was that Palestine Liberation Oragnisation leader Mr Yassir Arafat was sending arms shipments and guerrillas to his former stronghold as part of efforts to undermine Syrian influence in Lebanon.

Tripoli's water supply was cut off, *electricity rationed* and shops remained closed as residents huddled in basements and makeshift shelters.

Residents who managed to reach Beirut said this was the worst fighting Tripoli had seen since December 1983, when Syrian-supported Palestinian dissidents drove Mr Arafat and his loyalists out from the Baddawi and Nahr al Bared refugee camps.

Sawt al Tawheed, the radio station of Sheikh Saeed Chaaban's Islamic Unification Movement, described the offensive against quarters it controls as "savage and barbaric." Tripoli experienced its "most horrific night and its hardest times," the radio station said.

Lebanese Prime Minister Mr Rashid Karami flew by *helicopter to his home town* of Tripoli over the weekend in his latest bid to bring the fighting there to an end.

Israel attacks UK over PLO talks

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

ISRAEL accused Britain yesterday of having seriously damaged the prospects for peace in the Middle East by inviting two leading Palestinians for talks in London next month.

Mr Yitzak Shamir, the Foreign Minister, who in 1979 voted against the *peace treaty* with Egypt, said in Tel Aviv that the British action had "struck a heavy blow to the chances *for peace in the Middle* East and strengthened the forces of violence."

Mr Shamir said that he would be expressing Israel's attitude to Sir Geoffrey Howe, the British Foreign Secretary, in New York later this week.

The British decision to invite two members of the Palestine Liberation Organisation executive *committee to London as* part of a joint Jordanian-Palestinian delegation was announced on Friday by Mrs Margaret Thatcher at the conclusion of a five-day visit to Egypt and Jordan.

The British invitation does not amount to formal recognition of the PLO but when the joint delegation meets Sir Geoffrey Howe it will be the first contact a Cabinet Minister has had with the organisation.

Mubarak: face to face with Reagan

Throughout last week Mrs Thatcher stressed the urgency of breaking the log-jam in the Middle East and of supporting the peace efforts being made by moderate Arab states, particularly Jordan and Egypt. She is apparently convinced that U.S. influence in the *region* will suffer a further blow if President Reagan decides against sanctioning a meeting with a Jordanian-Palestinian delegation and is anxious to protect Britain's interests.

There are also indications that the Prime Minister is persuaded of the need to offer a more hopeful future for the Palestinians who have been living under Israeli occupation since the 1967 war. While Mrs Thatcher has in no way changed her fundamental support for Israel she has become far more critical of its Government's attitude *towards* the *occupied* territories.

Reaction in Washington to Mrs Thatcher's sharp shift in *policy has been muted. President* Reagan is to meet President Hosni Mubarak of Egypt this week followed by probably *critical talks with King Hussein* of Jordan on September 30.

The U.S. will certainly not agree to meet PLO executive members. It is looking for other Palestinians who are not closely associated with the PLO and whose presence in a delegation could not be interpreted as breaking its pledge *not to talk* to that organisation until it *abandons violence and recognises* Israel.

The need for emphatic Western support *for* King Hussein's peace initiative was again underlined yesterday when Syria spelled out its determination to wreck the process. Mr Abdel-Halim Khaddam, the Syrian vice-president, said in Damascus that his Government was determined to foil the Amman agreement signed in February between King Hussein and Mr Yasir Arafat, chairman of the PLO, which constitutes the basis of peace efforts.

The Syrian statement puts into context the reconciliation talks between Damascus and Amman which were held in Saudi Arabia last week. Syria is demanding that King Hussein drops his peace plan, if those talks are to proceed further.

Mrs Thatcher may *also have* learned in Amman of the doubts of many Jordanians about the wisdom of the King pressing ahead without greater evidence of international support. Should the U.S. decide that it cannot accept the list of Palestinian names put forward by King Hussein, there would be strong pressure in Amman for an im*mediate change in Jordanian* policy.

Border opens for 65 Korean families

By Steven B. Butler in Seoul

TEARS streamed down the face *of* Mr Suh Hyong-Sok as he leaned *forward and shouted* into the ear of his deaf mother. "Mother, you must recognise me! I am your oldest son!" His mother Yu *Myo-Sul*, 83 years old, seemed only dimly aware of what was taking place, but before long she too began to cry.

Mr Suh, a North Korean college teacher, saw his mother in *Seoul on Saturday after a* 35 year separation. He was a member of one of the 65 families that took part in reunions in Seoul and *Pyongyang. It* was the first time since the Korean War that ordinary citizens were allowed across the border between the two Koreas.

Saturday's reunions were the first meager results of 15 years of efforts by the Red Cross societies of North and South Korea to bring families together. About 10m people are believed to have relatives trapped on the other side of the border.

In the 1970s a series of negotiations failed when the North-South Red Cross meeting became embroiled in angry political disputes. But this year the political will on both sides finally matched the intense yearn*ing of the Korean people* to move toward reuniting their homeland.

The ice was broken a year ago when South Korea, *in a* surprise move, accepted a North Korean offer of relief aid for flood victims in the South.

As the result of an agreement reached last month, on Friday morning two delegations of 151 persons crossed the border at Panmujom and headed for the capital cities of Seoul and Pyongyang. Each delegation included 50 persons hoping to meet relatives on the other side, 50 performing artists, 21 Red Cross personnel and 30 journalists.

Politics intruded into Saturday morning's intensely private experience. In Seoul, the North Korean visitors seemed rather eager to boast of their good life in the North, at least in front of the mobs of reporters who swarmed over them. Their southern relatives responded *in kind.*

One man told his sister that life in Pyongyang was much better than that in Seoul. His sister retorted: "How do you know? You haven't been around the city."

In Seoul, negotiations over the itinerary were a non-stop tug-of-war with each event in doubt until it took place.

South Korea had succeeded in locating relatives of 30 of the visiting North Koreans, and the North Korean Red Cross agreed on Thursday night that they would meet their relatives in a large open room at 9.30 the next morning. At 9.20 am, the North Koreans abruptly announced that only 15 would come down from their hotel rooms to meet their family.

Their relatives waited in vain until 11.00 before leaving the *room disappointed.* They were, however, able to meet their families on Sunday morning.

The South Koreans learned that their family members would come south just days earlier. Many did not even suspect they had relatives in North Korea. An elderly farmer, Mr No Kang-Ho, when asked his thoughts upon learn*ing just* three days earlier that he would meet his nephew, said: "I have never even met him. I don't know what to think."

One woman, who came from a remote mountain part of South Korea to meet her younger brother, shook with fear as a North Korean television crew tried to interview her. She stared ahead and whispered: "I don't know" to the questions. Her shaking began to subside only well after *her* brother arrived, although a dazed look of terror never went away.

EEC finance ministers urge caution on fiscal reforms

BY QUENTIN PEEL IN BRUSSELS

EEC finance ministers served notice at the weekend that they would not be stampeded into early monetary and fiscal reforms, such as rap*id harmonisation* of tax rates or the creation of a common currency.

They insisted they should be the first to see proposed amendments to the Treaty of Rome to expand the monetary capacity of the EEC, even if that meant delaying the timetable of the inter-governmental conference on Community reforms.

They also gave a decidedly dusty first reception to plans for reducing the difference in indirect taxation rates, presented to them by Lord Cockfield, the *European* Commissioner responsible for the internal market.

The ministers debated EEC reform at their informal meeting in Luxembourg.

They won an assurance from M Jacques Delors, president of the European Commission and a former French Finance Minister, that they would be able to discuss plans *for* monetary amendments to the Treaty before those were submitted to the conference.

That means proposed changes – such as strengthening the European Monetary System (EMS) and expanding the role of the European Currency Unit (Ecu) towards becoming a common currency – will have to be presented after the October 15 deadline for other amendments.

The ministers have also instructed the governors of their respective central banks to submit their own reports on development of the Ecu and the EMS at the end of November – too late to be considered by heads of government at their De*cember summit.*

The probable outcome of the finance ministers' moves is that any monetary changes to the Treaty will remain vague and general commitments, and specific actions will be left to the lengthy political bargaining in the Council of Ministers.

The ministers also left Lord Cockfield in no doubt that they regarded the whole question of tax harmonisation, or at least approximation, as political and not just technical.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, said: "It did not take long for ministers to remind him that it was right at the heart of politics."

Lord Cockfield had argued that bringing indirect taxation rates *such* as value-added tax into a closer band of perhaps 5 per cent maximum divergence was an essential requirement for a truly common market.

In spite of their caution on reform, several ministers argued *strongly* for compliance with the present treaty requirement for free movement of capital, impossible *with exchange controls in countries* such as France and Italy.

They also expressed unhappiness at the failure of the Italian Government to produce its promised domestic economic reforms, intended to accompany the devaluation of the Italian lira within the European Monetary System, carried out last July.

China fills Communist Party posts

China's negotiator with the Soviet Union, the new air force commander and regional party bosses were among the winners yesterday when the Communist *Party announced 91 promotions* in the policy-making central committee, AP reports from Peking.

Sixty-four of the new faces, with an average age of 50 and three-quarters of them college-educated, entered the party's central organ for the first time, while 27 were alternates previously.

Among 35 alternates were four members of China's ethnic minorities, a Tibetan, Uighur, Manchu and Korean, and recently appointed cabinet-level ministers. Appointments to the important politburo are expected this week.

Uganda rebels retreat

Ugandan Government troops have retaken the key Owens Falls Bridge across the Nile River at Jinja from rebel guerrillas, travellers reaching Kampala said yesterday, Reuter reports from Kampala.

Earlier travellers had said the bridge, over which much of land-locked Uganda's exports travel into Kenya and its Indian Ocean ports, was in the hands of the National Resistance Army (NRA), Uganda's main rebel group.

Jinja, 50 miles east of Kampala, also contains part of a hydro-electric power complex *that* supplies nearly *all* of Uganda's electricity.

Sudan tax change

Sudan has abolished the Islamic system of taxation introduced *in 1983* by deposed President Jaafar Nimeiri and will revert to a conventional Western-style system, Aouad *Abdul-Maguid*, Finance *Minister* said yesterday, Reuter reports from Khartoum.

He said the transitional government would draft a tax law along the lines of the old 1971 system in the next few days.

Zia martial law pledge

Pakistan's *President* Mohammad Zia-Haq has promised that eight years of martial law will be ended by December 31 and banned political parties will be able to resume activity, Reuter reports from Islamabad.

General Zia said martial law would be lifted regardless of whether the National Assembly passes a controversial bill *which critics say amounts to a* blanket pardon for past army rule.

Three die as radio bomb explodes in New Delhi

A TRANSISTOR RADIO bomb planted by Sikh extremists yesterday *killed* three *Hindu* rickshow drivers near New Delhi's main railway station on the last day of Prime Minister Mr Rajiv Gandhi's election visits to Punjab state, Reuter reports from New Delhi.

The blast, which wounded another man, did not stop Mr Gandhi addressing big campaign rallies in three Punjab towns for the state's election next Wednesday.

Police said the extremists struck 24 hours after a police round-up of nearly 500 suspects in swoops on Sikh temples and the homes of army officers and *politicians in the capital, Punjab,* and Jammu and Kashmir states, both bordering Pakistan.

Reports of heavy firing between Indian and Pakistani troops on their border in Jammu and Kashmir, adjoining Punjab, added to tension for the poll which extremists have vowed to disrupt to back their campaign for a separate nation.

Mr S. K. Singh, New Delhi deputy police commissioner, said the rickshaw drivers died when they fiddled with the controls of one of three transistor radios they found in a black plastic bag about 200 yards from the station.

Mr Singh said the bombs were more powerful than *similar* transistor radio booby traps which went off in the capital and north Indian states last May, killing more than 80 people.

Minutes after the blast, state-*run television* interrupted programmes to warn New Delhi residents not to touch unattended objects like transistor radios, briefcases and toys.

Police reinforcements rushed to bus and train stations and New Delhi airport to search for more bombs.

On Saturday police raided about 40 New Delhi locations, *including four Sikh temples,* and detained more than 100 people. The raids coincided with similar swoops in the Punjab holy city Amritsar, headquarters of the extremist movement, and Jammu, capital of Jammu and Kashmir state.

● Politicians in the Indian state of Tamil Nadu have called a general strike for tomorrow to express solidarity with Sri Lankan Tamils.

Air, train and bus services are to be suspended for the day *of protest, called by leaders of* all political parties in the southern state.

Geneva conference calls for negotiations on N-test ban

BY WILLIAM DULLFORCE IN GENEVA

THE 86-NATION conference reviewing the nuclear Non-Proliferation Treaty (NPT) has unanimously *adopted a final document calling* on the U.S., the Soviet Union and Britain to resume negotiations on a comprehensive nuclear test ban treaty this year.

France and China, the two other nations with nuclear weapons which have not *signed* the NPT, were called on to join in negotiating the ban.

Conferences reviewing the functioning of the 15-year-old NPT in 1975 and 1980 failed to agree on a final declaration. This year's success was seen by *many delegates* as strengthening the treaty's authority and adding to the moral pressure on countries which have not signed the treaty to refrain from making nuclear weapons.

Argentina, Brazil, India, Israel, Pakistan and South Africa are thought to have developed the capacity to produce nuclear weapons.

The wording of the weekend's final document, agreed only after prolonged discussion, toned down the resolutions tabled last week by the neutral and non-aligned nations strongly condemning the U.S., the *Soviet Union and Britain for not* fulfilling their obligations under the NPT to negotiate nuclear disarmament.

The declaration also omitted demands for a moratorium on testing and a freeze on the further produc*tion and deployment of nuclear* weapons.

The conference "noted" the argument of the U.S. and British delegates that priority should be given to achieving "deep and verifiable" cuts in existing nuclear arsenals *rather than to negotiating* a *test* ban treaty.

Washington and London insist that effective means of verifying a test ban still do not exist. This viewpoint was challenged last week in a letter to countries attending the conference by 19 U.S. senators, headed by Mr Edward Kennedy, expressing their belief that a test ban treaty could be achieved.

Most delegations to the conference accept that in the immediate future hopes for nuclear disarmament will focus on the summit meeting in Geneva on November 19 between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, and on the nuclear arms control talks between the two powers which entered their third round in Geneva last week.

The NPT conference did agree on several measures to reinforce action against the spread of nuclear weapons and to promote peaceful uses of nuclear energy.

The possibility of extending the sophisticated system of safeguards operated by the International Atomic Energy Agency (IAEA) to control the manufacture and movement of nuclear materials is to be evaluated. The nuclear powers offered to accept more safeguards.

The IAEA is to set up a working group to examine ways of helping developing countries to make use of nuclear energy. The conference recommended the establishment of a fund to help to finance developing countries' nuclear programmes.

Italy issues complaint to Malta

By Godfrey Grima in Valletta

ITALY has formally complained to Malta for expelling a young Italian politican and for banning Sig Flaminio Piccoli, president of Italy's ruling Christian Democratic Party, from addressing an opposition Nationalist Party rally over the weekend.

Both incidents were the result of a decision by Mr Carmelo *Mifsud* Bonnici, Prime Minister, to use provisions in the island's controversial Foreign Interference Act which re*strict* foreign politicians from appearing at local political functions.

Sig F. Gorla, leader of the European Christian Democratic Youth Movement, was picked up by the police on Thursday and expelled the next day. According *to* a government statement, Sig Gorla had not sought permission to visit Malta as a politician and had tacitly refused *to give* police an undertaking he would not involve himself in political events taking place over the weekend while the Nationalist Party was celebrating Malta's independence from Britain 21 years ago.

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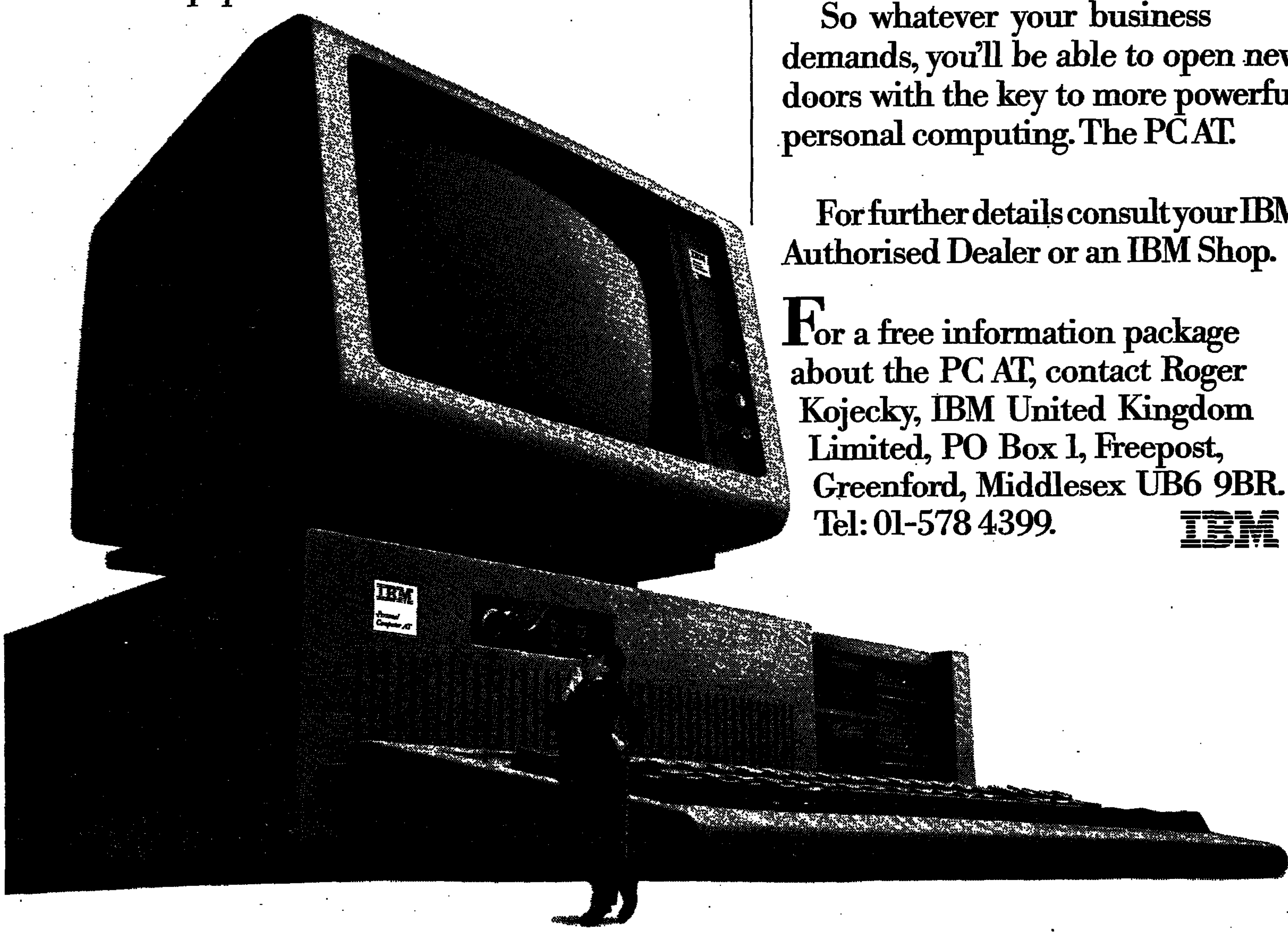

John Elliott reports on the lengthy haggling which led to Boeing losing the Indian Airlines contract

Fine tuning of prices brings a coup for Airbus

AIRBUS INDUSTRIE has pulled off one of the aircraft industry's most impressive coups with its success at the weekend in snatching from Boeing of the U.S. an Indian Airlines order worth up to $1.6bn (£1.16bn).

The order is for delivery in 1989 of 19 of its 162-seat A-320 aircraft, which has yet to fly, followed by an option for another 12 in 1990.

The aircraft will be powered by two engines from the new international aero engines consortium that includes Rolls Royce of the UK and Pratt and Whitney of the U.S., as well as other European and Japanese companies.

A year ago Boeing was celebrating winning the order for its 208-seat 757 aircraft against Airbus after months of negotiating and extensive price cutting.

It had just lost another order from Air India, the country's international carrier, to Airbus but there seemed to be political logic in the two airlines going to different countries for their aircraft. It was believed that the choice was backed by Prime Minister Mr Rajiv Gandhi, a former Indian Airlines Boeing 737 pilot, who is also Minister for Aviation.

Last year's order to Boeing was for 10 to 12 aircraft and the American company received a letter of intent and a $800,000 deposit (now to be refunded).

A $120m order was subsequently promised to Rolls-Royce for its RB-211-535E4 engines. (Rolls defeated Pratt and Whitney which this year improved its offer to such an extent that it would almost certainly have won the order away from Rolls if the Boeing deal had gone ahead.)

To win the order, Boeing had reduced its sticker (or list) price from $42m per aircraft at current prices to $34m, including an estimated $8m for the airlines twin engines. The total order was said to be about $560m.

But before the deal was approved by India's Public Investment Board and the Cabinet, Airbus struck back and offered its planned 162-seat A320. This is more of a direct competitor with the Boeing 757 than the existing A300-200 it was offered last year and is far more attractive than both the other aircraft to India because it will bring to the country prestigious advanced technology.

But it will not be ready until 1989, so Airbus offered to arrange for the airline to lease up to a dozen Boeing 737-200s and Airbus 300s (both of which it already flies) at not cost to to tide it over its expected passenger growth of 11.6 per cent a year. This free leasing offered forced the Government to take the new bid seriously.

Under the deal now concluded the bill of up to $60m for the leasing will be paid by Indian Airlines but will be refunded by Airbus through a cut in the price of each new aicraft delivered.

Boeing replied late last year that India would do better to buy proven 757s immediately rather than face the risk and hassle of absorbing untried technology and also argued its aircraft was a more suitable size. It also offered to buy back all the 757s in 1992 and replace them with a planned advanced aircraft called the 7J7.

By this time Indian Airlines had rethought its purchasing strategy and decided to go for a bigger initial order, so Boeing in June extended the $34m price agreed last year for the 12 aircraft up to a total order of 25 aircraft to be delivered by 1992, adding only a couple of million dollars per aircraft in the final year. It estimated this would save the airline $80m overall.

But Airbus popularity continued to grow and the European company also extended its offer from 15-25 aircraft to 19 plus 12 options (being about 45 seats smaller than the Boeing, more aircraft are needed). The price it says it quoted was about $37m at 1988 prices, which roughly equals $31m to $32m at current prices.

In a final bid to upset Airbus's ascendancy, Boeing last month made a new offer for its existing and smaller 138-seat 737-300 at about $20-25m each at current prices. It claimed this would save the airline $40m in fuel costs over the aircraft it would be leasing via Airbus up to 1989. Finally, and unsuccessfully, it last week suggested a mixed Airbus-Boeing order.

After weeks of haggling and fine tuning of prices, other concessions and delivery dates, Indian Airlines now estimates that Airbus has beaten Boeing by about Rupees 2bn (£121m) over the lifetime of the $1.6bn (£1.16bn) project. Airbus claims an overall saving of 15 per cent per passenger seat.

The West German national airline Lufthansa has signed a contract for the purchase of 22 Airbus aircraft and placed options on 28 others. The deal, signed late on Friday in Munich is worth $1.3bn (£948m) Lufthansa said.

Under the contract, the government-owned airline bought 15 Airbus A320 jets and placed options for 25 more of the same type. It also purchased seven Airbus A300-600 aircraft.

Earlier this week, Lufthansa signed a contract to buy 10 Boeing 7373-300s.

BAe in talks on £7bn Soviet deal

BRITISH AEROSPACE and the Soviet Union have had talks about the possibility of producing the BAe advanced turboprop (ATP) airliner under licence in the Soviet Union, Lynton McLain writes.

Up to 1,000 aircraft, worth £7bn, could be involved, BAe said yesterday.

The talks have been under way in Moscow and England since the Farnborough air show last autumn. Soviet officials approached BAe at the show for talks about the airliner. Several meetings have taken place subsequently, with BAe represented by divisional directors from Woodford, Manchester, where the ATP is being built.

Further contacts were made at the Paris air show this summer an dthe dialogue continues. The talks have been "very cordial and involved prospects for the complete production of the ATP under licence in the Soviet Union," BAe said.

BAe has had assistance and advice from the Government in its talks with the Soviet Union. "The Department of Trade and Industry has been involved and we have had no objection from the Government about our talks with the Soviet Union," the company said. The ATP would give "no technological advantage to the Russians," it said.

The first 64-seat ATP is on the final assembly line at BAe's Woodford factory. Its maiden flight is scheduled for next August.

The Soviet deal would be the first major contract involving western civil aircraft in the Soviet Union since the end of the Second World War.

The Soviet officials talking with BAe have not mentioned the number of ATPs they would want to build, but up to 1,000 Antonov AN-14 and AN-26 short haul airliners need replacing, BAe said.

S. Africa expects to raise R400m from surcharge on imports

BY ANTHONY ROBINSON IN JOHANNESBURG

A 10 per cent import surcharge which will affect an estimated 55 per cent of imports into South Africa comes into effect today, following last Friday's announcement by Mr Barend du Plessis, the Minister of Finance. The surcharge, levied on all goods not bound by the terms of the General Agreement on Tariffs and Trade (Gatt), is expected to raise Rand 400m (£112.3m) over the next six months.

The surcharge is expected to further depress import demand already reduced as a result of the domestic recession and the sharp depreciation of the rand over the past year.

But the main purpose of the import surcharge is to raise extra revenue. It was announced in the context of a R900m reflationary package which will be spent on special employment creation projects and direct relief for the unemployed.

The Treasury has earmarked R500m in addition to the R400m to be raised from the surcharge.

Announcement of the reflationary package was accompanied by a 1 per cent drop in the bank rate to 15 per cent by the reserve bank and a similar reduction in commercial bank prime rates to 18.5 per cent, effective from October 7. In a move to help stimulate demand in the depressed auto sector, minimum hire purchase deposits have been lowered from 20 to 10 per cent while those on commercial vehicles have been reduced from 30 to 20 per cent.

The latest moves are part of the Government's broader strategy of reflating the domestic ecenonomy in a manner which increases domestic employment with the minimum deterioration in the balance of payments. The Government has announced its intention to inject a further R1bn into upgrading black housing and infrastructure over the next five years. Reducing the housing shortage in black areas and encouragement of black urbanisation are now seen as the most effective means of reducing political tension and raising employment and as part of a shift towards a less import dependent economy.

Committee rejects proposal for British export bank

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government has been advised that there is little demand and no need for a special British export bank.

That is understood to be the conclusion of a committee by ministers, under the chairmanship of Mr Kit Farrow, an assistan director of the Bank of England.

Ideas for an institution to deal exclusively in export finance have been around for some time. Several other developed countries have their own export-import banks, including the U.S. and Japan.

But clearing banks and most of the merchant banks in London were lukewarm about the idea, arguing that an export bank would be superfluous. They may also have been afraid that if such a bank should succeed it would be at their expense.

The most active promoter of the idea was Morgan Grenfell, which maintained that an export bank could borrow at even finer rates than the commercial banks, because repayment of all its loans would be insured by Britain's Export Credits Guarantee Department (ECGD).

It foresaw the need for a specialist in free market financing at a time when the subsidised lending system permitted by the Organisation for Economic Cooperation and Development was proving no more attractive than commercial lending.

It also envisaged the bank routinely raising funds in the Eurobond market and being able to overcome the technical problem of matching regular borrowing with erratic lending.

The Farrow committee was set up last year by Mr Paul Channon, the UK Trade Minister, when he announced that the Government would not be implementing the main recommendations of another government-appointed committee for reform of the ECGD.

Ministers are expected to announce their decision on the Farrow committee's report in the autumn.

EEC imposes restrictions on imports of Turkish clothing

BY QUENTIN PEEL IN BRUSSELS

THE European Commission is imposing strict limits on imports of clothing from Turkey, the largest external supplier of the EEC, following the breakdown in negotiations for voluntary restraint.

The new restrictions, effective from last Saturday, will hit imports of T-shirts, pullovers, trousers and shirts and bed linen.

Specific limits have also been drawn up for Turkish sales of underwear and dresses to the UK, socks and underwear to West Germany and dresses to France.

The action follows three abortive rounds of talks with Turkish clothing and textile manufacturers.

Mr Willy de Clercq, the European Commissioner for external relations, said the EEC still wanted to reach a negotiated settlement with Turkey, the largest textile supplier after Hong Kong and Portugal.

Commission officials said Turkish textile exports to the Community had increased dramatically in recent months, threatening to cause serious damage to EEC producers.

Imports of pullovers in the first six months of 1985 from Turkey amounted to 78 per cent of the total for the whole of 1984 and exports of shirts to 71 per cent.

SHIPPING REPORT

Saudi stance on Opec lifts oil tanker market

FINANCIAL TIMES REPORTER

THE OIL tanker market has been encouraged by reports that Saudi Arabia plans to maintain its Organisation of Petroleum Exporting Countries (Opec) quota, and there is some hope that inquiries for larger tankers will improve over the coming weeks, according to broker E. A. Gibson.

However, the level of inquiries for ULCCs (Ultra Large Crude Carriers) and VLCCs (Very Large Crude Carriers) loading out of the Gulf faded last week and falling demand caused rates to slide. The last fixture reported to Gibson was for a 230,000-tonner from the Gulf to Taiwan at Worldscale 31½ compared with 37½ for a similar fixture the previous week.

Smaller units fared better, with one 110,000 tonner bound for Singapore at Worldscale 57½.

Demand for tonnage in the Mediterranean remained strong and rates increased.

There was a steady flow of inquiries in the West African market, but the volume of fixing was down. Business was fair in the North Sea with short-haul rates holding steady although rates for longer trips fell.

There were signs that transatlantic rates for grain shipments improved last week, according to Denholm Coates. An increase in inquiries for coal and ore in the Atlantic region was reported.

World Economic Indicators

TRADE STATISTICS

		July 85	June 85	May 85	July 84
U.S. $bn	Exports	17.412	17.438	17.414	19.154
	Imports	26.630	29.425	28.685	31.334
	Balance	−9.218	−11.987	−11.271	−12.180
UK £bn	Exports	5.945	6.081	6.407	5.159
	Imports	5.995	6.498	6.194	5.393
	Balance	−0.050	−0.417	+0.214	−0.233
Japan $bn	Exports	15.279	14.447	14.432	14.802
	Imports	10.680	9.431	11.065	11.629
	Balance	+4.599	+5.016	+3.367	+3.172
W. Germany DMbn	Exports	47.89	44.70	46.16	40.57
	Imports	41.13	38.30	39.17	36.48
	Balance	+6.76	+6.40	+6.99	+4.09
France FFrbn	Exports	74.30	75.90	75.80	70.06
	Imports	78.10	73.90	77.00	69.64
	Balance	−3.80	+1.99	−1.20	+0.42

UK NEWS

Fowler hints at amended social security changes

BY ROBIN PAULEY

MR NORMAN FOWLER, Social Services Secretary, yesterday gave the first sign that the Government might be prepared to bow to pressure and revise some of its proposed changes to the social security system.

He indicated that cuts in housing benefit, particularly those affecting pensioners, might be reconsidered, along with the proposal to give a lower level of income support benefit to the under 25s.

But Mr Fowler gave no sign of giving way to the avalanche of objections to plans to abolish the state earnings related pension scheme (Serps).

Norman Fowler: 'Time to reconsider'

He said in a BBC television interview that the abolition of Serps was being "very gradually and generously phased" so that nobody's pension would be affected until the *next century*.

Many of the 6,000 responses to Mr Fowler's green paper (discussion document) on social security reform have pointed to the hardship which will result from giving the under 25s a lower level of benefit.

Many of the country's poorest families are those comprising young parents with young children. Some 40 per cent of all children are born to women under 25. All these *families* will be worse off unless the proposals are changed.

"I think we will be able to meet this point," Mr Fowler said. Problems like that were the reason for having a consultation process in advance of the white paper (policy document), which is due next month, he said. It will be followed by a Bill in the next parliamentary session.

Britain's 11m pensioners stand to lose substantially because of cuts in housing benefit and a proposed requirement that they all pay at least 20 per cent of their own rates.

Mr Fowler said these proposals, including a £500m cut in the £4bn housing benefit budget, were not "set in concrete" and there was still time to consider them.

He said his reviews were not just an exercise in cuts, but he repeatedly refused to guarantee that any savings from the reviews would be recycled within the £42bn a year social security budget to give extra help to the very poor rather than being handed to the Treasury to help to pay for tax cuts.

Pressure on exporters

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

FURTHER EVIDENCE that export order books are coming under pressure is shown in the Confederation of British Industry's (CBI) latest survey of manufacturers.

Its monthly trends inquiry of 1,650 companies shows that about a third of the companies believe that their export order books are below normal for the time of year.

Although about half report that export orders are normal, a balance of 13 per cent say that orders are below normal. This is a significant deterioration from the results in the spring, when a balance of about 6 per cent said export order books were better than usual.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said: "This is a further sign of the difficulties faced by exporters in the wake of high interest rates, a stronger pound and volatile exchange rates.

"It is vital that employers keep a grip on pay increases if they are to avoid a worsening of their competitive position against overseas rivals."

Loans drawback, Page 12

Measures to toughen union law shelved

By Our Labour Staff

CHANCES of a fourth trade union Act during the present parliament are receding rapidly.

Lord Young, Employment Secretary, has told his senior officials that he sees no need for further trade union legislation in the forseeable future.

This marks a significant change in priorities for the Government and could pave the way for a more relaxed relationship with the Trades Union Congress (TUC) ahead of the next general election which will take place before the spring of 1988.

Mr Tom King, Lord Young's predecessor, said in June that he was considering further trade union legislation guaranteeing every union member the right to work despite a strike call, protection against the abuse of the closed shop, proper management of union funds and a decent standard of internal democracy within unions.

Some of these reforms were intended to meet what ministers saw as specific abuses, such as the attempt by the miners' union to discipline members who had refused to strike and the allegations of malpractice this year after the initial ballot for the general secretary of the Transport and General Workers' Union.

In addition, the Government is committed to consultations about making strikes in essential services more difficult.

Ministers had never set out a timetable for this additional legislation, but the consultation on essential services had been expected in the autumn. This appears now to be less likely and proposals on the other measures are expected to be even further delayed.

Ministers now believe that existing trade union reforms are working well, as seen for instance in the recent vote against strike action by British Rail guards, and so the need for further legislation has strongly lessened.

A firm decision by ministers not to proceed with further union legislation would strengthen the hands of moderates within the TUC general council who believe that unions have come to terms with many of the reforms introduced by the Government.

UNION ISSUES 'DON'T STRIKE' CALL TO MEMBERS

Threat of a large-scale Liverpool strike fades

BY NICK BUNKER AND DAVID THOMAS

THREATS of a large-scale stoppage by Liverpool City Council's workers lessened last night after regional officials of the General, Municipal and Boilermakers' Union (GMBU) instructed 9,500 members working for the city not to strike.

A spokesman for the union's Liverpool regional council said yesterday: "Quite clearly the possibility of an all-out stoppage from Wednesday has receded as a result of this instruction."

Liverpool's Joint Shop Stewards Committee called last week for industrial action by 30,000 municipal employees to back Labour councillors' demands for more cash from the Government.

Shop stewards called the strike after blockading Liverpool Town Hall and physically preventing councillors from voting to make redundant all 30,000 workers as a way of staving off bankruptcy.

The city's two largest council unions, the GMBU and Nalgo, the local government union, are holding ballots at mass meetings today and tomorrow. Nalgo's 6,300 members are expected to throw out the strike call.

Even if there is only a small-scale strike, senior officials of the council expect services to be halted within days because no money will be left to pay wages after September 30.

Mr John Whelan, the GMBU regional secretary, sent letters with the instruction not to strike on Friday to leading GMBU shop stewards in Liverpool Council, who have been one of the most enthusiastic groups behind the strategy of confronting the Government. The letters were sent after a long discussion between the stewards and the union's regional body.

The GMBU officials have taken this action because they are not satisfied that Liverpool's Labour leaders have answered a number of financial questions. The GMBU will be asking for further information on when exactly the council's money will run out and on how council employees who continue to carry out emergency services will be paid.

The GMBU was also concerned by the decisions of the teachers' union, the NUT, and the National Union of Public Employees not to support the strike. "It would be extremely unwise to go into industrial action without a united front," a GMBU spokesman said.

The union is to seek urgent discussions with council leaders and will report back to Mr John Edmonds, GMBU national officer for the public services and general secretary-elect. It is expected that this process will take about two weeks.

Liverpool has been heading for financial ruin since June, when Labour councillors approved a £265m budget but voted for a rate (local property tax) increase of only 9 per cent. That left a deficit of more than £100m after the council incurred huge government penalties for overspending.

Mr Tony Byrne, the council's finance committee chairman, said yesterday: "Whatever happens this week, we won't have enough money to last until the end of the year unless the council does things we are simply not prepared to do, such as sacking thousands of workers."

It is understood that as yet senior council officials and unions have only the sketchiest plans for maintaining essential services, including burial of the dead, refuse collection and residential homes, during a strike or after bankruptcy.

Mr David Hart, general secretary of the National Association of Head Teachers, has already written to the council saying that a barrister has advised that the city would be acting illegally if it failed to pay teachers or keep schools open as required under the 1944 Education Act.

Results are also expected today of ballots by the 2,000 members of the Transport and General Workers' Union, and by the 600-strong council branch of the building union Ucatt.

Mr Billy Jones, Ucatt's branch convener, said: "I would hope that the members vote to strike, but I can't predict the result. No one is ever keen to join an indefinite stoppage."

Members of the 400-strong council branch of the electricians' union, the EETPU, voted two-to-one against striking on Friday. Officials of the National Union of Public Employees, with more that 2,000 members, and of two teachers' unions representing 5,000 staff, have no plans for a ballot after rejecting the strike call.

Senior council officials are understood to be continuing their pressure on the Labour leadership to use borrowed money to pay for council house repairs worth £27m and at present charged to the revenue account.

Mr Byrne has repeatedly rejected the move because, he claims, it would mean an end to the council's ambitious Urban Regeneration Strategy, which has built 3,600 new council homes since Labour took power in April 1983.

Mr Andy Pink, the council's campaign publicity officer, said: "If we raised the rates in order to defend jobs and services, it would require a rate rise of 120 per cent."

The other option was to cut expenditure to £222m. It would mean eliminating 5,000 to 6,000 jobs just to balance the books, he said.

> Government hopes that any strike in Liverpool will be poorly supported and of relatively short duration are clearly shared by key figures in the Labour Party, although this may not be easily detected in statements made by Labour MPs and party officials, Ivor Owen writes.
>
> There is also a broad consensus, covering most of the political spectrum, that the decision by Mr David Steel, the Liberal leader, to visit Liverpool in the hope of finding a solution to the city's financial crisis has no realistic chance of success.
>
> Mr Kenneth Baker, the Environment Secretary, is standing firm on his decision not to advance the £25m needed to keep Liverpool going to the spring. The Liverpool crisis is certain to lead to emergency resolutions at the Labour Party Conference which opens in Bournemouth on Sunday.
>
> Any call for a general strike aimed at forcing the Government to intervene and provide the money needed to keep Liverpool's services going is certain to be resisted by Mr Neil Kinnock, the Labour leader.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
Harrogate Fashion Fair (01-637 2400) (until September 25) **Exhibition Centre**

September 29-October 1
British Footwear Fair (01-739 2071) **Olympia**

October 6-18
Promotional and Incentive Merchandising Exhibition—PRIMEX (0822 671081) **Kensington Exhibition Centre**

October 8-10
INTERNEPCON Conference and Exhibition (01-891 5051) **Brighton**

October 8-11
Repro Workshop 85 — the London Printing Show (01-647 1001) **Olympia**

October 8-11
Technology Engineering Fair (01 891 5051) **NEC, Birmingham**

October 11-13
National Franchise Exhibition (01-727 1929) **Kensington Exhibition Centre**

October 17-27
Motorfair '85 (01-439 0875) **Earls Court**

October 21-25
International Business Show (01-405 6233) **NEC, Birmingham**

October 22-24
International Products, Services and Technology for Financial Houses — BANKING (021-705 6707) **Barbican Centre**

October 25-November 3
International Bike Show (01-385 1200) **NEC, Birmingham**

October 29-November 1
Home Interiors Exhibition—London (01-385) 1200) **Olympia**

October 29-31
Cleaning and Maintenance Exhibition - - EUROPACLEAN (0923 777000) **Barbican Centre**

OVERSEAS TRADE FAIRS

Current
International Office Equipment Exhibition—SICOB (01-439 3964) (until September 27) **Paris**

Current
International Exhibition of Foreign Technology and Equipment (01-486 1951) (until September 28) **Chongoing, China**

September 24-27
International Airport Construction and Equipment Exhibition—INTER-AIRPORT (0727 63213) **Frankfurt**

September 27—October 6
International Toy Exhibition and Fair—INTERPLAYEXPO (021 705 6707) **Budapest**

September 28-October 2
International Ladies' Ready-to-wear Clothing Exhibition (Paris (1) 268.08.40) **Paris**

October 16-19
International Industrial Electronics and Electro Techniques Trade Fair (01-977 4551) **Vienna**

October 17-18
European Marine Trade Exhibition—EMTEC (0202 687070) **Hamburg**

October 18-27
The 1985 International Capital Goods Trade Fair (Cleveland (216) 676 6000) **Cleveland, Ohio**

October 23-24
International Videocommunication Market Exhibition—VIDCOM (01-499 2317) **Cannes**

October 29-31
International Videotex Conference and Exhibition—VIDEOTEX (01-868 4466) **Amsterdam**

October 29-31
International Clothing Textiles Trade Fair—INTERSTOFF (01-734 0543) **Frankfurt**

November 3-7
Petrochemicals, Chemical and Plastic Industries Exhibition and Conference — PETCHEMPLAST (01-486 3741) **Al-Khobar**

BUSINESS CONFERENCES

September 25
BSI: Structural use of concrete (01-629 9000) **Wembley Conference Centre**

October 1
Longman Seminars: Liability Insurance (01-242 4111) **Barbican Centre, EC2**

October 1
Seminars for Secretaries: To improve" motivate and reward (01-736 0134) **Cafe Royal, W1**

October 2
Energy Efficiency Office: Energy efficiency in the paper industry (01-211 4973) **Strand Palace Hotel**

October 8-9
Westrade Fairs: U.S. market opportunities—a seminar on transatlantic direct investment and trade (0923 778311) **City of London**

October 10
James Morrell Associates: Business forecasts for the motor trades to 1990 including prices and running costs (01-236 6950) **Bowater Conference Centre, SW1**

October 10
Metal Bulletin Conferences: EEC steel—back to a free market? (01-633 0525) **Tara Hotel, W8**

October 14-15
Euromoney Conferences: Export Finance (01-236 3288) **Grosvenor House Hotel**

October 16-17
FT Conference: Fourth retail banking conference—the economies of financial services (01-621 1355) **Inter Continental Hotel, W1**

October 16-18
Risk Research Group: Solvency assessment (01-236 2175) **Waldorf Hotel, WC2**

October 21-22
FT Conference: Electronic financial services (01-621 1355) **Hotel Inter-Continental, W1**

October 23-25
International Economic Relations: Opportunities for West European companies in trade with Czechoslovakia and Hungary (0 3 955 4854) **Prague**

October 24
Institute of Directors: How to increase your sales (01-839 1233) **116, Pall Mall, SW1**

October 24-25
International Herald Tribune: Oil and money in the eighties (01-242 1242) **Royal Garden Hotel, W8**

October 29-31
SUBTECH '85 "Designing for Intervention" (01-222 8658) **Aberdeen Exhibition and Conference Centre**

October 30-31
FT Conference: The third professional personal computer conference (01-621 1355) **Inter Continental Hotel, W1**

November 4-5
International Conference for the protection of people, products and property (0727 63213) **Royal Garden Hotel, W8**

November 6
CAET: Accounting, auditing and tax (01-242 6855) **Post House, Reading**

November 7
Oyez IBC: The advertising agency of the future (01-236 4080) **Cafe Royal, W1**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK NEWS

Grosvenor takes lease claim to Strasbourg

By Raymond Hughes, Law Courts Correspondent

UK GOVERNMENT lawyers will be back in action in Europe today, engaged in their now familiar task of defending, on behalf of the present Conservative administration, a measure passed by a previous Labour government.

This time the battle is over the 1967 Leasehold Reform Act, which enables people with long leases of houses to become home-owners by buying their freeholds.

Today and tomorrow the European Court of Human Rights in Strasbourg will hear arguments on a complaint by the Grosvenor Estate, London's largest private landlord, that the Act violated the right to peaceful enjoyment of its property guaranteed by the Human Rights Convention.

It will be the third time in four months that the Government has been before European judges to defend Labour measures.

Last week, at the European Court of Justice in Luxembourg, the dispute concerned a 1979 ban on the export of North Sea oil to Israel.

In June, at the Strasbourg court, the Government defended Labour's 1977 Aircraft and Shipbuilding Industries Act against complaints from former shareholders that the compensation they received on nationalisation was grossly inadequate and unfair.

The today's case, as in the one in June, the Government goes into the hearing with a head start – the Human Rights Commission, to which complaints go for a first ruling having rejected the Grosvenor Estate's claim.

The commission held last year that the Labour Government's view that people with long leases had a "moral entitlement" to buy their freeholds legitimised its decision that the 1967 Act was needed in the public interest.

Grosvenor Estate owned by the estate of the Second Duke of Westminster, owns several thousand properties in Belgravia and Mayfair, as well as others elsewhere in England and abroad.

Unclear future for big-screen TV

BY RAYMOND SNODDY

A LARGE mobile satellite dish parked outside the historic front of King's College, Cambridge, at the weekend was a tangible symbol of new disagreements now coming to a head over the television set of the future.

The dish gave 400 delegates to the Royal Television Society's convention the first demonstration from a satellite of a new wider, sharper television picture developed by the Independent Broadcasting Authority (IBA), which regulates Britain's commercial television and radio.

The picture – based on an "enhanced C-Mac" standard – has a larger screen and 50 per cent better resolution than the traditional television set.

The system uses the 625 lines of the existing picture although it would need a direct broadcasting satellite (DBS) to deliver the picture to the home.

Mr Tom Robson, IBA director of engineering, told the convention the new picture could come within five years. It could be available "on the day the first UK DBS satellite transmits a public service," Mr Robson said.

The enchanced C-Mac picture is just one of the options for broadcasters as they look forward to television sets which will show pictures as sharp as 35mm films.

The broadcasters must decide whether there should be a half-way stage of enhanced television on the way to full high-definition television (HDTV) based on more than 1,000 lines. This would need completely new sets and broadcasting equipment.

If they move directly to HDTV, they must decide whether a system called Muse produced by NHK, the Japanese broadcasting organisation, should be accepted now as the single HDTV world standard.

The European Broadcasting Union meets in Tunis this week to consider the issue. Next month the CCIR, the inter-governmental radio regulatory body meeting in Geneva, will face the same dilemma.

Engineers are asking if a single standard should be adopted now to prevent a number of competing standards emerging as happened with existing television sets. But would such a standard preempt further sophisticated technology emerging in future?

Senior engineers at the Cambridge convention suggested the meetings in Europe during the next few weeks were likely to accept the NHK Muse system (based on 1,125 lines and 60 Hertz) as "a standard" but not "the standard."

But the problems of high-definition television are financial as well as technical.

Mr Brian Wenham, director of programmes at BBC Television, warned: "Once this is available as an enhanced method of viewing the public will want to get it fast. And this will be an extra cost problem for broadcasters."

Some experts believe the cost of equipment in a high-definition television studio might be double that of existing equipment.

Underlying the debate about future television technology was the still-unresolved difficulties of how to pay for what we have now – and the Peacock Committee into the future financing of the BBC.

The BBC should hold a national weekly lottery as is done in the U.S., Mr Les Brown, editor-in-chief of the American magazine *Channels of Communication*, suggested.

Mr Michael Checkland, deputy director-general of the BBC, agreed this was a possibility but added a large lottery would be needed to meet the BBC's funding needs of £20m a week.

Mr Alasdair Milne, BBC director-general, said the BBC was looking at the possibility of collecting the licence fee as an addition to tax payments, automatically excluding those who find the licence fee a financial burden.

The Inland Revenue was not, however, enthusiastic about the idea, Mr Milne conceded.

The BBC director-general also warned that he did not want the Peacock exercise to be taken as a code for breaking up the corporation. Funds might fail, and some of the present BBC services might have to disappear.

"But so far as I am concerned, we seek ways and means of continuing the present range of activities of which we are inordinately proud," Mr Milne said.

The broadcasting executives present were given a cautionary glimpse of what at least some of their viewers make of their best programmes.

Oxford researchers installed cameras in television sets in 20 homes in Oxford to watch the watchers.

They showed television was treated a bit like a family pet which people talked to and that television sets could also play to empty rooms, people vacuuming the carpet or talking about something else.

Dr Robert Towler, head of research at the IBA who presented the Oxford findings, pointed out head counting of the audience was important, "but please remember that what you are counting is only reported presence."

Pay study reveals boost to settlements

By David Thomas, Labour Staff

PAY SETTLEMENTS increased during the final months of the pay round just finishing, according to a review published tomorrow by Industrial Relations Services (IRS), the independent pay research body.

This will confirm warnings issued last week by the Confederation of British Industry – the employers' organisation – to its member-companies to push pay settlements down during the coming round. However, IRS also shows that, despite their upward drift, settlements remained below the inflation rate during the three months to July.

IRS concludes from this that "trade unions will inevitably be pressing to make up any lost ground at the time of their next negotiations."

The IRS analysis says that in the year ending July 31 1985 the median level of basic settlements rose from 5.8 per cent at the start of the pay round to 6.1 per cent

Pay and Benefits Bulletin, No 144: IRS, 67 Maygrove Road, London, NW6 2EJ.

MERGING
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Airlines queue for BA cash aid

By Michael Donne, Aerospace Correspondent

THE CIVIL Aviation Authority (CAA) is to start a series of public hearings in London on October 1 into a large number of applications by independent airlines for shares in the £6.75m cash support that British Airways plans to give to help them develop new air routes.

The BA offer was first announced a year ago in the Government's White Paper (policy document) on Airline Competition Policy, as a means of promoting the development of new short-haul international air routes from the main regional airports.

It involves BA paying as much as £450,000 per route for each of 15 new routes, spread over three years, or a total of £6.75m.

The aim is to find new international routes from regional centres that could be developed to the overall benefit of the UK, but which are not suited to BA's larger aircraft and are more tailored to the smaller independent airlines' methods of operation.

The airlines seeking shares in this BA cash support include: Ace Aviation (Glasgow to Gothenburg and Brussels); Aerotime (Glasgow to Brussels and Frankfurt); Air Ecosse (Manchester-Cork); Air-UK (Glasgow-Frankfurt); Birmingham Executive (Birmingham to Gothenburg, Oslo, Düsseldorf, Frankfurt and Paris); British Air Ferries (Aberdeen to Rotterdam); Connectair (Birmingham to Rotterdam, and Manchester to Rotterdam and Antwerp); Dan-Air (Manchester to Dublin, Oslo and Stockholm); Euroair (Aberdeen to Esbjerg, Denmark); and Peregrine (Aberdeen to Gothenburg and Stockholm).

Within this spate of applications there is a complex pattern of objections and representations between the various airlines. As a result, the public hearings will be lengthy. The CAA has set aside 21 days for them.

To benefit from BA's cash aid, the airlines involved have first to win the route licences from the authority, which means they must satisfy it as to their fitness and financial stability.

The CAA will be free to withhold a recommendation for aid if it feels that any independent airline given a route is capable of financing its development from its own resources.

Soft loans drawback to export subsidies plan

BY CHRISTIAN TYLER, TRADE EDITOR

A NEW mechanism for subsidising export loans, designed to meet fierce and prolonged complaints from British industry, is near completion, according to City of London bankers.

Ahead of a government announcement, however, is disappointment that no extra funds seem likely to be made available for soft loans.

The mechanism being worked out by civil servants after advice from the banks is designed to give British companies a better chance when bidding against competitors, especially Japanese and French, for big projects in the developing world.

It will probably use the aid and trade provision (ATP), a small part of the aid budget of the Overseas Development Administration.

The ATP allocation is £66m for the present financial year. Any increase would probably have to come out of the bilateral aid budget, which ministers say is already stretched.

If there is no new allocation of money, now or after the forthcoming public expenditure review, some leading exporters and their bankers will be greatly disappointed.

The majority, however, appear to be more worried by the tardiness of the present procedure than by the size of the budget. "From our point of view it's getting the funds early enough and quickly enough that matters," a Confederation of British Industry (CBI) official said.

Ministers propose to streamline the inter-departmental procedure for releasing ATP money. As already announced, they are adding China and Indonesia – and possibly others – to the list of countries already eligible for subsidised loans.

They may also, as Mr Leon Brittan, Trade and Industry Secretary, indicated recently, widen the civil servants' presently limited authority to initiate – rather than merely match – offers of soft finance.

The new scheme is designed to inject aid money lending in a way that will make public funds "go further." More importantly, the mixing of the credit will be done more attractively to present the borrower with a simple, cheap loan contract.

Indonesia, for example, is looking for project finance costing only 3½ per cent, with repayment spread over 25 years and with a seven-year grace period.

At present, according to one merchant banker, the aid money is handed out separately and in a way that confuses and ultimately disappoints overseas buyers. British financial bids therefore looked much less attractive, he said.

The new system is creating problems, however, at the Export Credits Guarantee Department (ECGD). The ECGD is being asked to administer the subsidy, just as it administers the interest rate make-up scheme for concessional finance when aid money is not involved.

It is important for the ECGD not to appear to be breaking informal rules set by the Organisation for Economic Co-operation and Development (OECD).

Mr Brittan's announcement of the new system, due in about a week's time, is expected to emphasise the administrative improvements while repeating the Government's dislike of the whole subsidy game.

UK and France set to turn on cross-Channel power link

BY MAURICE SAMUELSON

THE FIRST large-scale exchanges of electricity between England and France are expected to take place at the end of next month as part of a £600m project to connect the two countries' national grids.

The electricity will flow through cables laid in trenches along the bed of the English Channel. Following the initial trials, full-scale commissioning should begin at the end of the year.

In the past few weeks, the first half of a 2,000 Mw link – equalling the capacity of some of Britain's biggest coal-fired power stations – has been completed with the laying of underwater cables by the Central Electricity Generating Board (CEGB).

Apart from what CEGB officials call "finishing touches," this marks the completion of the first 1,000 Mw half of the connection. The last of the cables for the second stage are already being installed on the sea bed, and the full 2,000 Mw capacity could be available a year later.

The CEGB and its French counterpart, Électricité de France (EdF), are each responsible for laying four 500 Mw cables in trenches they have cut in the sea bed. They have staggered the work to avoid hampering each other's operations, and EdF completed its share of the first half of the link at the end of last year.

The French are already half-way across the Channel with their second set of cables, and the CEGB, having caught up, is about to embark on its final stage of the cross-Channel work.

The other main components of the scheme are large plants on either side of the Channel which convert the electricity from direct current (DC) to alternating current (AC) at the frequency used by each grid. The electricity crosses the Channel by DC to avoid "leakage" of power in long cables.

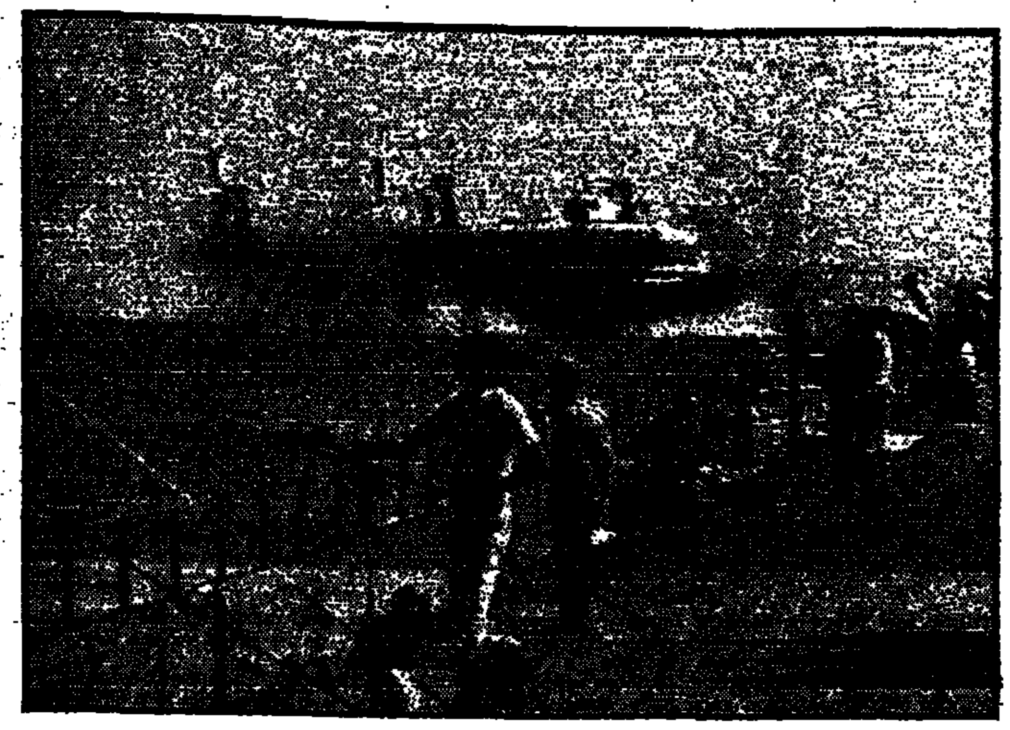
With the technological hurdles largely overcome, the biggest question marks now hang over the economics of the scheme.

It was originally devised at a time of high world oil prices and when EdF would have brought down its costs by importing cheaper English electricity, in the form of "coal by wire."

Subsequently, the link was seen as offering equal benefit to both utilities, since their peak-hour prices differ because of local time variations.

However, the steep cut in French prices due to its nuclear power station programme have transformed the situation making France potentially the dominant exporter, rather than purchaser, of cross-Channel electricity.

FT REGIONAL REPORT

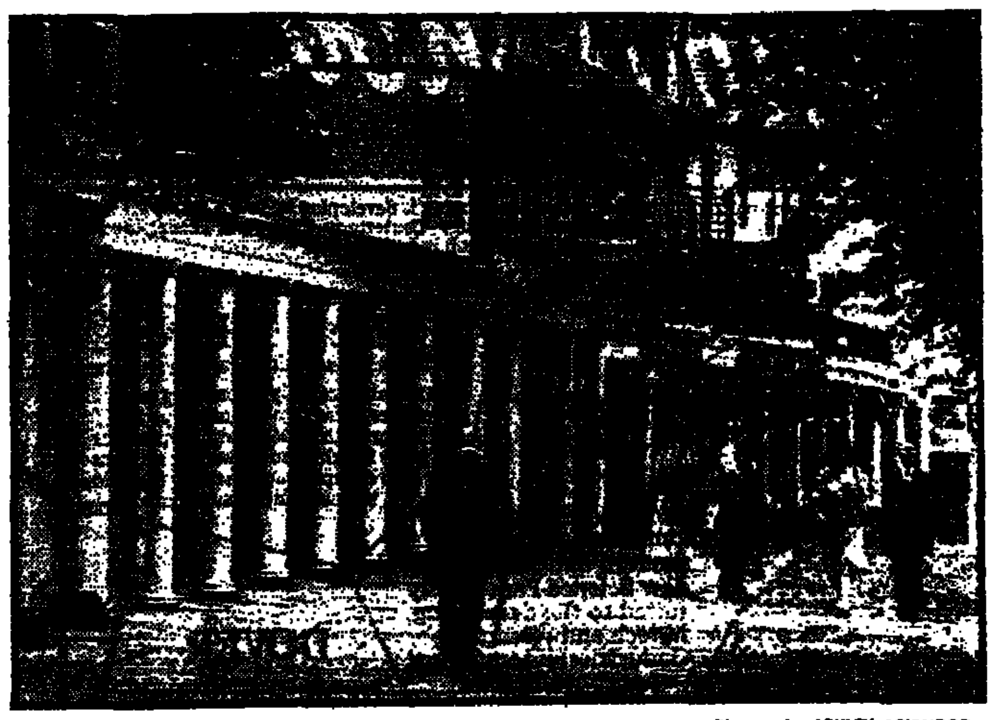


Dover: gateway to Kent and England. Fishermen on the pier near the Hoverspeed terminal

AROUND BRITAIN

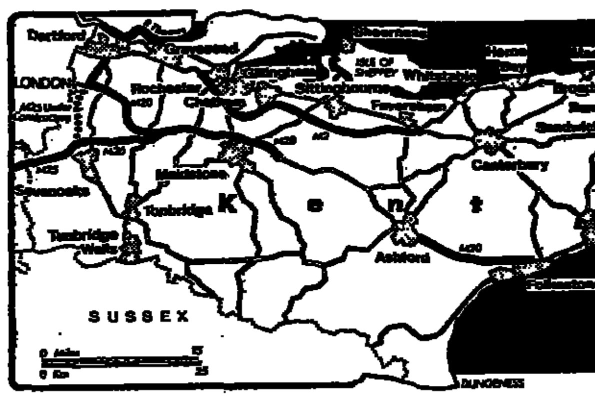
KENT

The completion of the M25 ring road around London should help the county to look further afield in its efforts to widen *traditional* markets



The Pantiles: showpiece of Tunbridge Wells

Pictures by ASHLEY ASHWOOD



Wider economic base sought

Report by ALAN PIKE

FOR THE country's industrialists and planners, Kent's position on the map has changed radically. The recent opening of the M25 motorway has removed a huge traffic bottleneck — London — which previously stood between Kent and markets in the rest of Britain.

This opening up of Kent in practical terms coincides with a drive to stimulate investment in the county and improve its economic base.

Kent, one of the largest non-metropolitan counties with a population of nearly 1.5m, remains a place of remarkable contrasts. The Garden of England. The Gateway to Europe. Canterbury, ancient centre of the English church, calling pilgrims of old and tourists of today. Archetypal English villages, a coalfield and a steelworks. Areas of luxurious housing in the prosperous South-East commuter belt. Areas with unemployment rates as high as many in the North-East.

The county's proximity to London is obviously a significant factor in its economy, with many residents commuting from the Kent towns to work in the capital. But this does not reduce the need for a sound industrial and commercial base within the county.

Traditional Kent industries, in addition to agriculture, include paper, cement manufacture and the marine trades. Many significant nationally and internationally-known employers are either based exclusively in the county or are represented there—among them Bowaters UK, Lucas CAV, Lloyd's of London, GEC Avionics, Shell Research, Sheerness Steel, Petbow Holdings, Wellcome Foundation, Thorn EMI, Reed and Kimberly-Clark.

As in most industrial areas, employment in Kent's manufacturing sector declined during the recession, culminating in the debilitating closure of the Royal Naval Dockyard at Chatham with the loss of 8,000 jobs.

Unemployment across the county thus shows an extremely uneven spread. It ranges from below 7 per cent in commuter towns like Tunbridge Wells to nearly 20 per cent in the North East Kent coastal area of Thanet, with the Medway towns placed between these two extremes.

Manufacturing employment in Kent declined by 23.5 per cent between 1978 and 1983. It is not only manufacturing industry, however, which has contributed to the high unemployment rates in parts of Kent. Job opportunities in the county's older, traditional seaside resorts have declined as a result of changing holiday patterns. Rationalisation in the Kent coalfield is adding to unemployment.

The coalfield, which employs about 2,200 people, has underpinned the economy of the southern part of the North East Kent region. Hundreds of voluntary redundancies have taken place since the miners' strike.

In the face of these difficulties—plus the positive opportunities brought by the coming of the M25—extensive measures are being launched to promote Kent as a centre for business development.

A pivotal part in this campaign will be played by the Kent Economic Development Board, set up last year by the Conservative-controlled county council as an independent body and employing staff hired or seconded from commercial organisations.

The board has set itself two broad areas of activity—promoting Kent as an industrial and commercial centre, and then ensuring that all the necessary ingredients for successful growth—factories and sites, finance, an appropriately trained workforce—are in place.

Among the financial incentives available to the board are an investment fund of its own, which will be aimed particularly at companies lacking equity capital in the £20,000-£100,000 range.

The board has appointed an agent who has begun promoting Kent in Japan, and a similar appointment will be made soon in the U.S. But, much closer to home, it has to tackle the problem that even London-based companies and business advice organisations have tended to overlook Kent as a location for industrial development.

This is partly because of the Garden of England image—agriculture does remain important, but it employs only three per cent of the county's workforce—and partly because Kent has appeared somewhat geographically isolated.

There are indications that the market is already responding to the new opportunities which the recent road improvements have brought to the county. A major ro-ro port development, for example, will open alongside the Thames and M25 at Dartford next year.

The motorway developments also provide greatly improved connections between Kent's industrial areas and ports and Gatwick, Heathrow and Stansted airports.

Kent's promoters believe that the county has many other advantages to offer in the drive to attract industrial development. Industrial and commercial rents are often lower than in other south eastern counties, and local authority rates are lower than the national average.

A pleasing environment and wide range of housing means that companies have little difficulty in persuading employees to relocate in Kent. The University of Kent at Canterbury, founded 20 years ago, has made positive efforts to work with industry.

There is a broad range of skills among the workforce which, combined with the fact that Kent has a large population because of its location in the London commuter belt, means that availability of suitable labour is seldom a problem.

The new economic development board is not alone in seeking to promote development in Kent. There has been a growth of enterprise agencies on a scale probably unequalled elsewhere in the country. The most recent, the East Kent Enterprise Agency covering the Canterbury, Dover and Thanet districts of the county, is being inaugurated this month.

Kent also has an enterprise zone—or rather five. The North West Kent Enterprise Zone, established in November, 1983, is located on five separate and varied sites at Northfleet, Gravesend, Strood, Frindsbury and Gillingham. The Romney Marsh area of the country has been designated a rural development area.

Although office rents are relatively low by south-eastern standards commercial development has not been strong in the county, and planners hope that this sector will also be influenced by better road communications. Tunbridge Wells has probably the most buoyant office market while Maidstone, the county town, has proved popular as an administrative centre for both the public and private sectors. Overall, smaller office developments have proved more successful than large ones in Kent.

Importance is attached to the development of tourism in the county. Because of the channel ports, Kent has a unique exposure to continental visitors to Britain. A strategy is being developed to persuade more of these tourists to spend a greater proportion of their holidays amid the considerable attractions of the county, which surveys suggest they do not always realise exist. Positive efforts are also being made to increase Kent's share of a changing UK holiday market.

The possible development of a fixed link across the Channel is a background factor in all the plans to develop Kent's economy. Investment is continuing at ports including Dover—the world's busiest ferry port, where the Harbour Board plans to spend up to $200m over the next 15 years—and the rapidly growing Port Ramsgate, in spite of the renewed possibility that a great deal of ferry traffic may eventually be eclipsed by the Channel tunnel or bridge.

Doubt about, or opposition to, a fixed link across the Channel is not confined to ferry and port operators. Kent County Council has yet to reach a policy decision on the issue, and this caution is reflected throughout the county.

The construction stage of the link would undoubtedly generate employment and widespread secondary economic activity but there are reservations about the long-term effect. Some Kent towns—notably Ashford, one of the development areas pinpointed in the county structure plan which is located on the M20 between Folkestone and London—could expect to benefit.

But there are 10,000 jobs in Dover alone which depend upon the present level of ferry trade. A tunnel or bridge would be less labour intensive than the existing port and ferry operations. And would its existence mean that visitors spend more time and money in Kent, or simply speed through it more quickly than many do already?

In a county which is attempting to improve its economic and employment fortunes through planned, diverse growth, the issues are going to be digested with extreme care before Kent decides that it would necessarily be a net beneficiary from one of the most glamorous construction projects of the century.

KENT 2

CHATHAM

Towards a new kind of flagship

FOUR CENTURIES of association between the Royal Navy and Chatham came to an end last year with the closure of the town's Royal Naval Dockyard.

The impact of the closure, announced by the Government in 1981, can hardly be exaggerated. In addition to 8,000 jobs lost, and the effect of this on the wider ecenomy of the area, the closure literally tore at the heart of the community.

Chatham's links with the Royal Navy were almost as old as the navy itself. Warships were anchored in the Medway before the end of Henry VIII's reign, beginning the growth of the dockyard. HMS Victory and three other ships-of-the-line at Trafalgar — Revenge, Temeraire and Leviathan — were built there.

The first ironclad battleship, Achilles, was started at Chatham in 1861 and early the following century the yard was building the first submarines.

Today, behind the gates of the former dockyard, efforts are being made to harness all this rich maritime history — and the remarkable legacy of historic buildings which it has left behind — for the future benefit of the Medway towns.

Under local pressure, plans for possible piecemeal redevelopment of the old dockyard were dropped, and its future is being handled on a comprehensive basis.

The Chatham Historic Dockyard Trust has been formed to develop a "living museum" on about 80 acres of the oldest part of the dockyard. The area is believed to contain the greatest single concentration of scheduled historic monuments in the United Kingdom, and there are hopes that the project will become an important regional tourist and educational feature with a wide catchment area for visitors.

On another 340 acres English Estates—the English Industrial Estates Corporation—is responsible for redeveloping the old dockyard to create new employment and housing opportunities. The remainder of Chatham Dockyard continues in use as a port.

English Estates has renamed its part of the project Chatham Maritime and is relying heavily on the unique nature of the site — which it is marketing as "one of the most exciting waterside developments in Europe" — to ensure its success.

There are several other relatively modern industrial locations already available in the Chatham area. Since these have better access to the road network than the dockyard, English Estates from the outset believed that Chatham Maritime must complement existing locations rather than try to compete with them.

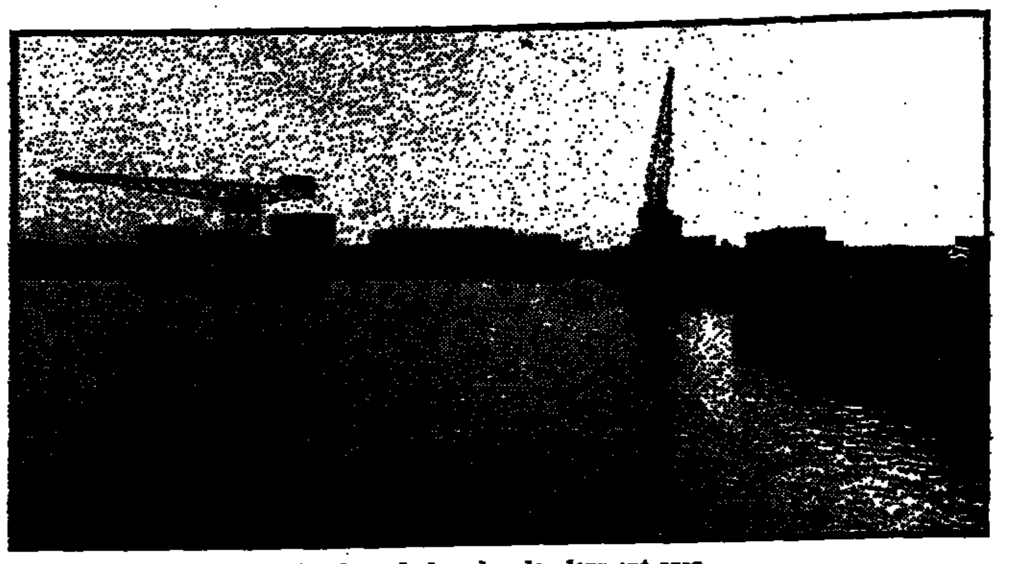
Extensive test marketing resulted in a decision to create a low density, high quality, environment aiming particularly at organisations with a high technology, research and development type profile.

Complete community

"Our task is to create a complete community," says Mr Ian Parker, English Estates' project director. "The development includes new housing, and we must therefore aim for the type of industrial development which will blend in with an attractive housing environment. This means creating a high quality, low density business park."

About 1,000 homes will go on the site—mostly new, but some taking advantage of existing buildings like the dockyard's magnificent terrace of early 18-century officers' houses. By the end of the 1980s all existing proposed residential land in north west Kent is likely to have been used up and this, Mr Parker is convinced, will lead to more interest in the Chatham Maritime development.

English Estates initial development strategy for the dockyard predicts that Chatham



Chatham dockyard redevelopment area

Maritime will prove a flagship for reviving the fortunes of the Medway towns. The locational advantage of the Medway area —midway between London and Europe and with good motorway links to Gatwick, Heathrow, and Cambridge — had been recognised by several companies included in the test marketing.

A wide range of skills are available among the local workforce. In a bid to maintain the skill base, Kent County Council took over the dockyard's apprentice training school when the yard's closure was announced, and English Estates is investigating the possibility of siting further educational and training facilities for information technology applications at Chatham.

The prospect of attracting advanced technology training facilities should have been enhanced by English Estates' success this month in persuading the Overseas Development Administration to relocate two of its scientific services — the Tropical Development and Research Institute and the Land Resources Development Centre —at Chatham Maritime. They will be housed in the refurbished buildings of HMS Pembroke, the old dockyard barrack buildings,

The development strategy for Chatham Maritime says that designation of the old dockyard area as an enterprise zone is the key factor in ensuring early success of the project. This is, says the strategy, necessary not for planning reasons but as a financial incentive.

"The excellent location linked to enterprise zone incentives, together with the intended type of development—quality campus-style environment—and attractive rents will provide a most competitive package which can be marketed both nationally and internationally," predicts the report.

English Estates declares itself confident in the strategy document that, given early designation of at least 50 acres of enterprise zone, some 5,000 permanent and diversified job opportunities can be created within an eight-ten year period in the areas of the project designated for commercial and light industrial use.

"Other jobs will be created in relation to the marine/leisure facilities, the residential area and within the neighbouring historic dockyard."

Five sites

The Chatham development is located in the same part of the county as the existing North West Kent. Enterprise Zone, which operates on five sites. There are:

- Springhead Enterprise Park —a greenfield site in Northfleet, where 27.5 acres are in the enterprise zone. This is the closest part of the zone to the Dartford Tunnel.
- Imperial Business Estate — near the centre of Gravesend, this site has 38 acres in the zone and offers Thames frontage and a deep water jetty.
- Temple Industrial Estate —this is an established industrial estate at Strood, where 750,000 square feet of floorspace have been taken since the area was declared an enterprise zone. The zone covers 58 acres.
- Medway City Estate at Frindsbury—about 76 acres of land have been included in the zone within an area zoned for industrial, commercial, leisure and marina development on the north shore of the River Medway.
- Gillingham Business Park —a prestigious new development within two miles of the M2 motorway, with 105 acres of the site allocated enterprise zone status.

North West Kent Enterprise Zone was designated in late 1983. The first monitoring carried out by Kent County Council and the local district councils shows that, while the rate of development on the five sites has varied substantially:

- Nearly 87,000 square metres of new and relet floorspace has been occupied and floorspace under construction has risen from 3,100 square metres to 29,000 square metres;
- Land in beneficial use has increased from 13 per cent to 33 per cent;
- The number of companies on the sites has nearly doubled from 49 to 93 and there has been an estimated increase of 1,168 jobs.

Most of the benefit of the zone has gone to the newer and more obviously attractive sites, like the Gillingham Business Park, rather than those which have more in common with the old Thamesside Imperial Business Estate at Gravesend. This contrasting rate of development leads Kent County Council planning department to conclude in its strategy for North Kent that: "Enterprise zone designation in itself will not generate immediate development and employment. Other factors would also appear important—immediate availability of land and premises, location and accessibility, and the image and environment of the area."

However, Mr David Homewood, enterprise zone officer and economic development consultant, stresses that all sites in the zone benefit from their location in north Kent. This, he says, is the "key card" in what the area has to offer.

"I believe we are situated in a prime position and the advantages of enterprise zone benefits makes the area one of the best places in the country to relocate. We have a younger than average workforce which has proved to be extremely adaptable to new technology. There is also a labour relations record which is second to none."

The area also benefits from an active enterprise agency. Medway Enterprise Agency was formed four years ago—one of the early examples of what proved to be a rapidly-growing enterprise agency movement. The agency says at least 1,850 jobs can be shown to have been saved or created as a result of its activities during the first three years.

The agency is working on a local collaborative project under the Manpower Services Commission's adult training programme in conjunction with Business in the Community and Mid-Kent College, and supported by the Institute of Marketing. This is aimed at identifying and remedying gaps in marketing expertise in small businesses throughout Kent.

AGRICULTURE

Need for better marketing

WITH THE single exception of sugar beet, just about every major UK agricultural commodity is produced in Kent. Farming in the county continues to live up to the Garden of England and London's larder descriptions which have been applied to it for generations.

When the Royal Agricultural Society of England began publishing its county agricultural surveys in the early 1950s, volume one was on Kent. There is, it declared, "no other county where so many different types of farming are followed" and in spite of many changes over the past 30 years Kent continues to present a uniquely diverse agricultural landscape.

Sheep are the predominant livestock—the county has its famous Romney Marsh or Kent breed—and the town of Ashford is one of the biggest sheep markets in the country. There is a significant amount of dairy farming and the county is naturally a major supplier to the London area liquid milk market.

This gives Kent farmers a much stronger interest in the retention of doorstep milk deliveries than is felt in some parts of the UK.

Investment in pigs

Kent's farmers also have a considerable investment in pigs and recently efforts have been made to develop pig farming co-operatives and improve pig meat marketing. However, there are no longer any pig meat processing factories within the county.

Drives to improve marketing are not confined to livestock. Kent is the centre of the UK apple industry and pressure from imports has led to carefully planned attempts to improve the appeal of home-grown apples. Strawberry growers in Kent—who are responsible for another of the county's major crops — are making similar attempts to improve their standards of quality-control, presentation and marketing through organisations like the Kentish Garden co-operative.

The importance of horticulture in Kent means that the county's farms continue to offer widespread opportunities for part-time, casual employment. Up to 300 casual workers per farm are employed seasonally to pick a single crop.

One of the crops for which the county is traditionally most famous is the hop. But there is mounting concern over whether some hop growers have a future in the face of a world surplus.

Declining beer consumption, changing public tastes towards lager which has a lower hop requirement and cheap imports are all putting severe pressure on the English hop industry. Hop growers face more immediate problems than any other sector of agriculture in Kent, and the county branch of the National Farmers Union is campaigning vigorously to maintain the industry in a major and economic form.

Nationally the area grown with hops has fallen by half during the past five years and is now below 12,000 acres. Kent farmers are concerned that, at a time of falling demand, more than 25 per cent of the hops used by UK brewers are imported.

The say that the industry faces its greatest crisis since 1932, when the Hop Marketing Board was set up after a collapse of prices resulting from declining beer sales and the failure of English Hop Growers, a voluntary co-operative associaton. The marketing board has now been abolished and English Hops, another farmers' co-operative, is trying to come to terms with similar problems to those of the early 1930s.

On a more general level, the biggest worry in the minds of Kent's farming community is the entry of Spain and Portugal to the EEC. Fruit growers in the county fear that a combination of new market opportunities, climatic advantage and EEC aid to modernise farming methods in the two countries could see Spain and Portugal developing into a severe threat to the Garden of England.

The Kent farmers have been campaigning vigorously, but feel that neither the UK Government nor farmers in some other parts of the country fully appreciate the potential scale of the threat.

One of the newer developments at Chatham is the administrative offices of Lloyd's of London

DEVELOPMENTS

Boost for Ramsgate

CONTRACTS HAVE been signed for a £5m development which will turn Port Ramsgate in north east Kent into an all-weather port.

The project will involve reclaiming 20,000 square metres of land and building 640 metres of breakwater. Sally Holdings—part of Rederi A B Sally of Finland—which operates the port has awarded the construction contract to a Kent civil engineering contractor, John Howard of Chatham.

Ramsgate is the base of Sally Line's ferry services, but the development marks a drive by the company to establish a much more extensive port winning an increasing share of passenger, ro-ro and conventional freight traffic.

Some of the UK's shortest sailing distances to Belgian and Dutch ports, and to Dunkirk, are available from Ramsgate. Now that the M25 motorway enables lorry traffic to bypass London, Michael Kingshott, managing director of Sally UK Holdings, believes that the port is well placed to compete with locations like Felixstowe, Harwich and Great Yarmouth for east coast passenger and freight traffic.

Development of the port at Ramsgate is receiving the backing of local authorities, which hope it will prove a catalyst for investment which will improve employment prospects in north east Kent.

Kent County Council's draft development strategy for the area concludes that direct and secondary effects of port expansion at Ramsgate could have a "major impact on employment opportunities in Thanet."

This impact could be increased if a proposal to establish a freeport in Thanet, taking advantage of both Ramsgate and the nearby airport at Manston, were successful.

Long runway

Manston, an operational RAF station, is already used for some commercial flights. It has an exceptionally long runway capable of handling heavy freight aircraft and its coastal location makes it the nearest airfield to continental Europe.

In spite of the job creation potential, the port development at Ramsgate has not been universally welcomed by local residents. Concern may, however, be reduced by a recent decision to build a new road to the port to eliminate congestion which has arisen from its use as a car ferry terminal.

Another important port development in Kent is taking place at Dartford on the Thames, where the Dartford International Ferry Terminal is being constructed. Scheduled for completion early next year, the project is backed by Blue Circle Industries and Municipal Mutual Insurance.

The ferry terminal will be part of a 300-acre business park bounded by the river, the North Kent railway line and the M25 motorway. Access spurs into the site from both the motorway and railway are planned.

Dartford's new terminal is located only 16 miles from central London, and berths are being constructed which will be capable of handling ro/ro vessels of up to 11-metres draught at all states of the tide. Six continental ports, say Dartford's promoters, will be brought well within eight hours' sailing time.

Crossways 25, a new international distribution centre, is being developed in association with the Dartford ferry terminal. There will be more than 150 acres available for a flexible range of industrial, warehousing and distribution complexes.

Elsewhere in Dartford, Allied London Properties is developing Dartford Trade Park which also takes advantage of the town's communications advantages brought to completion by the opening of the M25. Standard and purpose-built factory and warehouse units from 1,000 to 50,000 sq ft are available.

Other industrial developments in progress in the county include:

- Eurolink, at Sittingbourne, where London Life and Blue Circle have planning permission for 120 acres of factories and warehousing. Phase one, covering 56 acres, is approaching completion and offers more than 500,000 sq ft of accommodation. The site's advantages include proximity to the deep-water port of Sheerness.
- Developments in and around the north west Kent enterprise zone, including Gillingham Business Park, a campus-style development by Grosvenor Developments in partnership with Gillingham Council which will eventually provide nearly 2m sq ft of property for offices, warehousing and manufacturing plus shopping and other support services.
- Chatham Maritime, English Estates' major development of the former Royal Dockyard at Chatham;
- The South East Centre at Ashford—a town earmarked for significant industrial growth in the county and one likely to benefit from a fixed Channel link — where construction work on 120 acres is due to begin soon.

TOURISM

More package deals

GONE ARE the days when so many holidaymakers poured from London to the seaside resorts around the capital that there were too few beds to accommodate them.

This month's unexpected outbreak of September sun left plenty of vacant space on the beaches of the big Kent resorts of Ramsgate and Margate. And some of the sunbathers who were there would have preferred not to be—they were among the area's large number of unemployed.

The holiday trade was once the biggest single source of employment in towns like Ramsgate and Margate. Gradual changes in holiday patterns, accelerated since the 1960s by the growth of overseas package holidays, have helped contribute to an unemployment rate of 19 per cent in the Thanet area—25 per cent among adult males.

Tourist sector employment in the North East Kent resort towns dropped by 18.2 per cent between 1971 and 1981—compared with a national growth of 28.7 per cent and an increase of 20.9 per cent across Kent as a whole.

This means that while seasonally high unemployment levels are common in some of the UK's other resort areas, they have become a permanent feature in North East Kent.

However, nearly 20 per cent of all foreign vistors to the UK enter through the Kent ports of Dover and Folkestone, giving the county greater potential exposure to the tourist market than almost anywhere else except London.

The problem is that many of these visitors pass through apparently unaware of the attractions which the county has to offer.

Kent County Council has this year been conducting a monitoring exercise among visitors. This is intended to lead to action to persuade more visitors to Britain to linger in the county.

Research already undertaken suggests that there are good prospects of a properly marketed campaign succeeding.

An attitude survey last year showed that many visitors arriving from the Continent did not realise that Kent is rich in historic houses and castles, churches and traditional villages—even though these were precisely the attractons the tourists were coming to Britain to see.

Visitors—both from overseas and elsewhere in the UK—already contribute at least £200m a year to Kent's economy. This includes income from 3m day-trip visitors—90 per cent from London and elsewhere in the south-east, and 10 per cent from the Continent.

Holiday guide

This season the county council has produced 66,000 copies of a comprehensive Kent holiday guide in English, French, German and Dutch. It has also been involved in setting up Kent Crusader, an organisation which markets and packages inclusive holidays in the county. Funded two-thirds by the county council and one-third by the National Bus company, it is hoped that Kent Crusader will eventually become self-supporting.

A good deal of tourism in Kent is created by people taking short second holidays in the spring or autumn and it is hoped that this is one of the things which Kent Crusader will encourage to grow.

The tourist potential of the county is extensive and varied. It has 24,500 historic buildings, ranging from Dover Castle and the cathedrals in Canterbury and Rochester to some which are less well known.

Traditional villages set amid delightful countryside still abound. Some nationally-known events like Brands Hatch motor racing take place in the county, all in addition to the potential provided by its coastal location.

The county is pioneering an experimental system of new white lettering on brown tourist road signs, designed to attract motorists to attractions and tourist routes. Department of Transport officials will evaluate the experiment at the end of this year. But "Pleasure, Leisure and Jobs," Lord Young's report on the business of tourism, indicates that the Government would be willing to give other local authorities permission to take part in the experiment, and Kent is pioneering what is likely to become a national scheme.

A lack of investment in some of the old resorts has accompanied the decline of the traditional English seaside holiday. But indications are that those hotels and guest houses which have modernised their facilities are benefiting from improved business.

Efforts are being made to cater for new types of business—day visitors, those who use the seaside resorts as bases for touring inland, and specialist pursuits like watersports. A successful yachting marina has been established at Ramsgate.

Business visitors play a part in the county's plans to exploit its tourist potential. There are conference venues of all types in the county.

Margate has hall facilities to cater for relatively large conferences of national organisations but needs more hotel space, particularly a good conference headquarters hotel. A site is available for a new hotel, and Thanet Council is actively seeking a developer.

There is also likely to be a tourism spin-off from some of the industrial developments taking place in the county.

A leisure complex is under consideration at Port Ramsgate, while it is hoped that the historic dockyard development at Chatham will become a major regional attraction.

Looking down the High Street in Canterbury

Workforce by industrial sector

Comparison of Kent dis tricts with other areas

Area	Agricul ture	Energy & Water	Manufacturing	Construction	Distribution & Catering	2Transport	Other & Services
		%	%	%	%	%	%
Great Britain	2.2	3.1	27.0	7.0	19.2	6.5	34.0
S.E. Region	1.3	1.8	22.4	6.9	19.1	8.1	39.3
Kent	3.0	3.1	22.3	7.9	19.6	8.4	34.9

Source:

UNIVERSITY OF KENT

Stronger industrial links

PHASE ONE of a new Kent Research and Development Centre is under construction on the Kent University campus at Canterbury and will open early next year.

The establishment of the centre is the latest stage in a relationship which the university has developed with industry since its foundation at Canterbury in the early 1960s. Phase one—built with the support of Canterbury City Council and Kent County Council—will house laboratories and offices for staff from the university and industry working on biotechnology projects.

Companies based in the centre will be able to use university facilities, including its computing centre and library. The first occupants will be LH Bioprocessing—part of Porton International — and Genzyme Biochemicals.

A distinction

The university is anxious to draw a distinction between the Research and Development Centre and the growing number of science parks around university campuses. There will be no manufacturing carried out at the Kent centre. Any new products devised there will be manufactured at industrial estates in Canterbury, Ashford and elsewhere in Kent.

The university's work with industry is co-ordinated through Kent Scientific and Industrial Projects, its industrial liaison agency. This develops contacts with industry in the fields of research and development, consultancy and training.

Senior university staff supervise commissioned projects, and it is possible for employees of sponsoring companies to work alongside university staff.

Kent Scientific and Industrial Projects' clients range from small local businesses to organisations like British Aerospace, British Telecom, Marconi Avionics and the Ministry of Defence. Space scientists at Kent designed and built the first experiment developed outside the U.S. for inclusion on a NASA Space Shuttle flight.

The university, in receipt of research grants and contracts worth about £4m a year, has developed a reputation for excellence in a range of areas of interest to high technology industry. These include biotechnology, computing, medical electronics, optical fibres and satellite communications.

Kent University admitted its first 500 students in 1965, and now has about 4,000 undergraduate and postgraduate students and 500 academic and research staff. Unlike most of the newer universities, it is organised on a collegiate system with teaching, research and residence for a variety of disciplines brought together within colleges.

Popular

It is also unusual in having a flexible academic structure without conventional departments. The university believes that this has successfully encouraged an interdisciplinary approach. Recent courses which illustrate this approach include the History of Medicine, Unemployment and English Studies, which combines intensive study of the English language with courses in the nation's literary, historical and political life.

The university has established a popular reputation among school leavers. It receives some 20 applications for every available place and receives more first and second applications per place than almost any other university.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BL's link with Honda

Bridging the cultural divide between Britain and Japan

John Bacchus, Austin Rover's director of joint ventures, talks to Kenneth Gooding

Profile

JOHN BACCHUS says it would be possible to write a long, learned paper giving the many reasons why the relationship between Honda of Japan and Austin Rover, the volume car producer within BL in Britain, should not work.

But it does work, he says. And he should know. He has been in the front line since the first top-secret meeting between the two companies at the Fairmont Hotel in San *Francisco in September 1978.*

It also seems likely that he will continue to provide the main personal link on Austin Rover's side now that the two have decided on yet another joint venture—this time to develop a medium-sized car which for the British company will replace the Maestro.

John Bacchus, a cheerful, chubby individual of 48 who literally has had a lifetime in the motor business—his father was a car dealer—has a wide experience of co-operative ventures. He was one of the team set up within Ford to co-ordinate the efforts of the UK and West German subsidiary to produce the group's first "European" vehicle, the Transit van, some 20 years ago.

He also worked for Rootes before joining Austin Morris in 1969. He survived all the upheavals created by the financial collapse of what was then British Leyland, the government's rescue and the subsequent arrival of Sir Michael Edwardes when BL lost many senior executives.

As Austin Rover's director, product and business strategy, he *is responsible for other* collaborative projects: with Volkswagen and ZF, the West German transmissions group, VM, the Italian diesel engine producer, Peugeot of France and others that his company is not yet ready to mention in public.

From this experience, Bacchus says that dealing with the Japanese is the same as dealing with people from any other advanced, industrialised country. If you are talking about a potential deal: "Be well-briefed on your own side about what you want to do."

He admits, however, "we have been fortunate in our choice of partner. Honda has the ability to make up its mind quickly. Other Japanese companies take a long time to make up their corporate minds—but once made up, they move very quickly. Honda makes up its mind—and acts quickly."

Of course, there are some cultural differences which have *to be allowed for and traps for* the unwary from which misunderstandings can arise. "When a Japanese nods his head and says 'Hi' it means 'I understand,' not necessarily 'I agree,' for example," he points out.

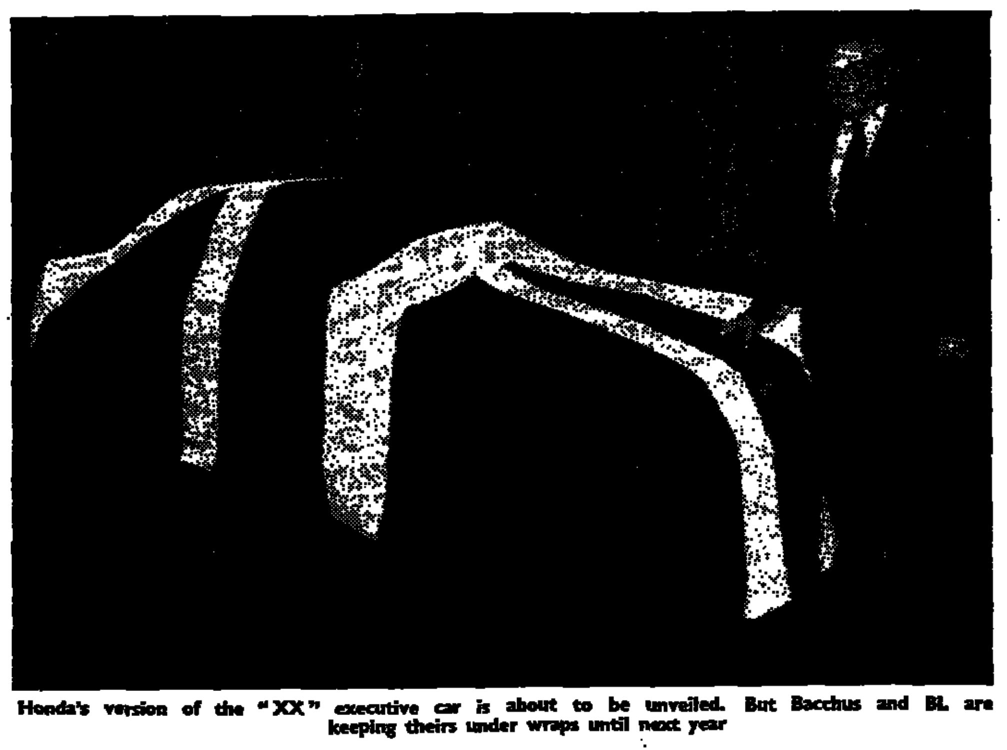
Bacchus says that over the years the Austin Rover and Honda teams have simply accepted the others' cultural differences and made no attempt to "bend over backwards to please the other side."

The Austin Rover people are fully aware that the Japanese as a race dislike being asked direct questions. But they continue to ask them. The Honda people *know Westerners prefer* to receive a straightforward answer to a direct question. But they will often parry one by muttering: "We don't want to discuss that."

Communication is not a particular problem. There are language difficulties—"but you get that with other collaborations," Bacchus points out. Most contact between the two companies is by Fax machine *on which correspondence is sent* overnight from one side of the world to another.

Occasionally there are problems which call for very early morning or very late night working by Bacchus. "The Japanese have a habit of telephoning me when I am in the bathroom in the morning."

There has been only one engineer from each company permanently in residence with *the other, although this is about* to change as Austin Rover prepares to produce the XX, the executive car due to be *launched* in Britain next year and several more Honda people will move into the Longbridge plant in Birmingham. Honda's version of the XX will be unveiled at next month's Tokyo motor show.



Honda's version of the "XX" executive car is about to be unveiled. But Bacchus and BL are keeping theirs under wraps until next year

Bacchus maintains the relationship between the two companies works because "it has been a question of mutual advantage and personal relationships. It works because both companies want it to work.

"If we have a problem, we have to solve it or give up the *relationship.*"

There certainly has been mutual benefit. Austin Rover desperately needed to speed up *its new product programme in* the second half of the 1970s and the first deal with Honda was to produce the Japanese company's Ballade under licence in Britain where it was sold as the Triumph Acclaim.

This first venture nearly failed to get off the ground because the UK Government balked for a while at signing the BL corporate plan and committing itself to putting another £1bn of public money into the motor business.

Sir Michael Edwardes, then BL's chairman, eventually was given the go-ahead but to meet Honda's deadline had to travel to Tokyo on a Christmas day flight in 1979. Bacchus spent the previous week in Tokyo with Honda, calming the Japanese group's fears. Eventually *the Acclaim deal was signed on* Bacchus's birthday, December 27. But he chose to rush home beforehand to wife and young children.

Austin Rover launched the Acclaim in October 1981 and it helped prop up the company's fast-falling market share. Honda received royalties and provided the engines and gearboxes and other parts from Japan, probably worth about £50m a year. It also sold some robots worth £10m to Austin Rover for the Acclaim's body assembly line.

When Honda replaced the Ballade with a new model, Austin Rover used it as the basis for the current Rover 200-series.

The XX is entirely different in concept. The executive car was developed jointly by Austin Rover and Honda—it was not simply a Honda vehicle which the UK company will build under licence. XX will have *many common features under* the skin but the companies assure us that the Austin Rover and Honda versions will differ considerably in external shape and internal fitment.

Honda will produce both versions in Japan, thus giving Austin Rover's dealers in that country and Australia a product to compete with the Japanese cars which dominate the Asia-Pacific area. Austin Rover will produce both versions in Britain, enabling Honda to add "made-in-Britain" cars to its range in Europe. This should help the company develop sales in countries such as Italy and France which are almost totally closed to vehicles built in Japan.

The companies have just agreed to go ahead with a similar project for a medium-sized car which some Austin Rover executives have dubbed YY.

Bacchus says there has been "real synergy, I believe, from putting two teams, from engineering and manufacturing —competent people on both *sides but often with different* views—into a position where they have to debate and challenge the ideas baked into their own thinking."

As for the personalities involved, Bacchus has been there from the beginning and the other two members of the *Austin Rover team* which attended the first meeting in San Francisco are also still with BL. David Andrews was deputy chairman then and today is executive director responsible for BL's commercial vehicle operations, while Ray Horrocks, then chairman of Austin Mor*ris, is the executive director* responsible for the cars business.

Two of the original three-man Japanese team are also still active within Honda. Noboru Okamura is now chairman and Kiyoshi Ikemi has become deputy general manager, inter*national planning.*

Bacchus believes an important aspect of the relationship with Honda is that both the British and Japanese have a sense of humour. However fraught a meeting might be, there is always time for a joke.

There has always been the possibility that the laughter would subside to be replaced by acrimony and that the relationship would break up. Bacchus admits: "Of course there have been some sticky moments but you would not expect me to talk about them."

For this reason it was established at the start that the relationship would be taken step by step. "Each deal is finite and self-standing because if we ever reach the stage where either side says it can't go any further, the existing projects won't suffer."

Each deal is tightly bound by legal agreements including outline agreement, development agreement, manufacturing agreement and marketing agreement.

It all adds up to a unique relationship. Does Bacchus ever pause to consider that he is at the heart of a venture which will go down as an important part of UK—perhaps world—motor industry history? Shyly he admits that very occasionally the thought does strike him. "But most of the time I'm too busy to sit back and philosophise."

America gives more power to the people

David Thomas on the rise of worker buy-outs

THE Pioneer Chain Saw Corporation in Peterborough, Ontario, had employed 450 people before *it ran into diffi*culties, and the workers bought some of the equity.

The new managing director asked the worker-shareholders how many employees it needed. They debated the question for three weeks and decided on 135. But this proved too low—*Pioneer subsequently* maintained a workforce of 150.

Writing in the latest issue of the Harvard Business Review, Keith Bradley of the London School of Economics and Alan Gelb of the World Bank cite this as a dramatic example of the benefits of worker buy-outs.

In the wake of the 1979 recession, the pace of buy-outs in North America has quickened. In the U.S., between 70 and 100 failing companies have been rescued since 1980 by employee buy-outs, with an average of 1,000 jobs saved in each company.

In Europe, there appear to have been fewer true employee buy-outs—that is, where most workers take an equity stake. In Britain, for instance, buy-outs have mainly been carried out by small groups of top managers; 606 were recorded between 1980 and 1983.

Employee buy-outs in the U.S. have yielded some spectacular successes. Workers bought half the equity in GAF, a Vermont asbestos mining company, when it was threatened with closure. Asbestos prices increased and within two years the share price had soared by 7,000 per cent, turning an employee's initial investment of $250 into more than one year's wages.

More convincingly, perhaps, is the case of Weston Steel, which has staged a spectacular recovery since being transformed into a workers' co-operative last year (see this page September 11).

But, there have also been dismal failures. Local union representatives spearheaded the purchase of Rath Packing Company in Iowa when 2,200 jobs were threatened. The workers agreed to a wage cut of $20 a week, as well as reductions in other benefits. But the market continued to deteriorate and within three years the company was bankrupt.

Most buy-outs fall between the two extremes. According to Bradley and Gelb, most workers "have, in exchange for lower pay, saved their jobs and acquired moderately performing capital assets."

Whatever the end result, a number of common patterns emerge from the examples studied by Bradley and Gelb.

- Pragmatic motives. Advocates of buy-outs increasingly proclaim the virtues of employee ownership as an end in itself, yet Bradley and Gelb found "no case in which the participants' overriding motive was ideological, as opposed to the strong wish to preserve employment."
- Concessions on pay and benefits. These have been the rule. The concessions have on occasion amounted to a quarter of the wagebill.
- *Job* cuts. Employment levels have often been cut by about a third, with the Pioneer Chain Saw example far from untypical.

Yet buy-outs are by no means a personnel manager's dream come true.

Workers' stronger commit*ment to productivity* often revolutionises the nature of supervision. Pioneer Chain Saw was able to do without quality control personnel under the new regime. "In many cases," Bradley and Gelb conclude, "the elimination of middle managerial and supervisory positions has proved to be a *source of* productivity gain."

Not surprisingly, where they survive, middle managers and *supervisors* have to evolve new forms of leadership. Their ability to involve subordinates constructively in the business becomes much more important.

Information flows generally take on a crucial role. Worker-shareholders are happy to leave most things to management, but expect to be consulted on decisions affecting their own workplace and on the most major decisions facing the company.

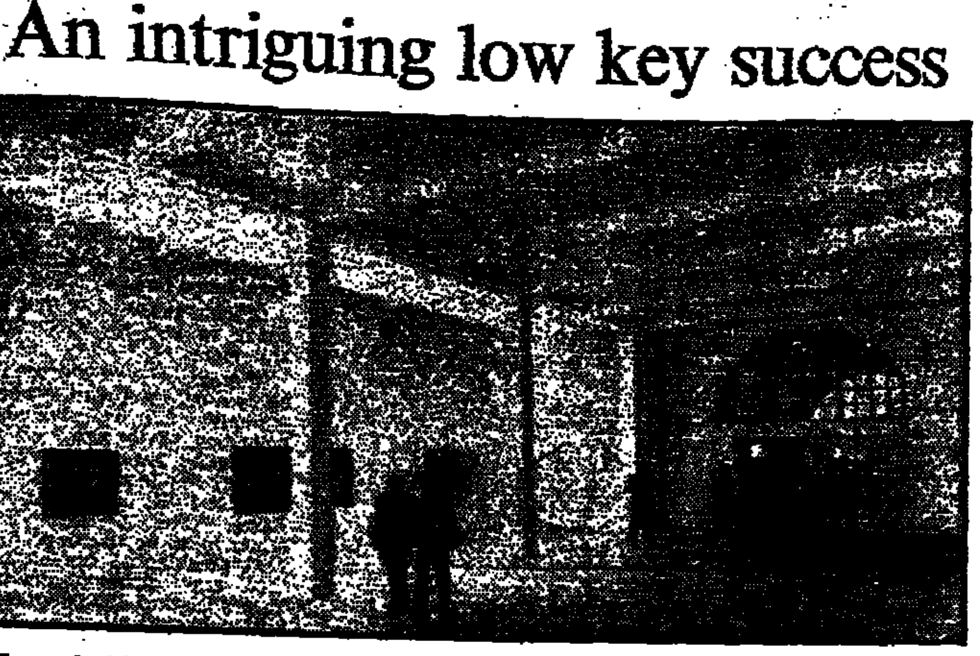
In Britain, Bradley and Gelb suggest, buy-outs face two additional problems: union hostility and poor image following the failures of Meriden, Kirkby and the Scottish Daily News in the 1970s. "Employee-owned companies have fared best in the United States and least well in Britain," as the authors depressingly conclude.

Employee buy-outs of troubled companies, by Keith Bradley and Alan Gelb. Harvard Business Review, September-October 1985. Reprint No. 85504. From Reprint Service, HBR, Boston, Ma. 02163.

Architecture

Colin Amery

An intriguing low key success



The refurbished Whitechapel Gallery enlivening the works of Howard Hodgkin

Charles Harrison Townsend's terra cotta façade on the Whitechapel Art Gallery has long been a familiar and enjoyable sight. The old building, like the Horniman museum by the same architect, had more than just a sense of the art nouveau style. It always had that sense of serious European culture imported into England—a turn of the century conviction that art and beauty provided social benefits for the underprivileged.

More recently the Whitechapel has promoted advanced forms of modern art. It has been a place for the display of the avant garde, free to be seen without the official imprimatur of the art establishment. Bryan Robertson and the present director Nick Serota have made the Whitechapel synonymous with quality exhibitions that are adventurous, relevant and aesthetically daring. But architecturally the spaces at the Whitechapel, while being successfully top-lit, were inadequate because of the lack of air conditioning and inferior light controls.

Today all is made new. The old galleries on both levels have been completely renovated and air conditioned. One upper level gallery has been added for the display of younger one-man shows and circulation and service areas have been improved. There is a new reception area, shop, cafe and lecture room with additional facilities for school parties.

The architects for the new work are Alan Colquhoun and John Miller—a firm that has been responsible for exhibition design at the Hayward Gallery as well as the excellent Sir Christopher Wren exhibition at the Whitechapel a few years ago. They have designed university buildings and, more recently, housing schemes in London and Milton Keynes. Both have been active in the academic world, John Miller at the Royal College of Art and Alan Colquhoun at Princeton.

Their new work and refurbishment is full of historical connections, all of them stated with subtlety. Colquhoun and Miller belong to the generation that does not believe in ornament for its own sake; they have to justify it in some way because the architectural language they learnt had no place for metaphor, symbol or, heaven forbid, semiotics.

Their approach has been careful and ingenious. The Whitechapel occupied a site which could be extended only on narrow, neighbouring sites that the gallery had acquired. This has made the scheme tight and intricate. New staircases are the pivots for the much-improved new circulation. The new main stair at the rear of the gallery is an impressive straight flight—not quite the scala regia—and the old gallery has acquired a new dignity seen from this angle.

The most successful quality of the new Whitechapel is in fact an enhancement of the old one. The light level from the improved overhead lighting and glazing is most pleasing—a distinct enlivener of the Howard Hodgkin paintings currently on show. The fact that the whole place is painted white probably gives a false sense of light but it is tranquil and serene. As befits a gallery so closely connected with the abstract vein of modern art, these architects have grasped the sense of volume rather than surface detail. Their intrusive elements—stairs, doors and hand rails, and the surfaces of things like the reception counter—are absorbed visually into the whole space. This gives the gallery a certain floating unease that has to be anchored by the exhibits.

There are intriguing borrowings. The feel of Emberton's Simpson department store, Secessionist Vienna and the work of Charles Rennie Mackintosh linger behind the bland substance of the new spaces. It is an intriguing low key success.

Equally discreet and successful is the Whitechapel's fund raising: £2m has been raised so far with particularly generous contributions from the Bernard Sunley Foundation, the GLC, the Arts Council and the London Borough of Tower Hamlets. There is still a need for some £150,000—an opportunity for the City to spread a little largesse to the East. Private patronage is earnestly needed in a part of London which can be transformed by improving the facilities provided by our enlightened forefathers.

Musée Picasso, Paris

Magda Hamsher

President François Mitterrand is due to open the spectacular new Picasso Museum in Paris today. The occasion has been billed as "the most important artistic event" to occur in the French capital in the past 50 years. Curators of leading foreign museums will attend a private preview before the doors of the museum, containing what is undoubtedly the finest Picasso collection in the world, open to the public on September 28.

But the opening has not gone without a hitch. It comes after long delays which led to angry protests from the Picasso heirs and their lawyer, M Roland Dumas — who is the French foreign minister.

The exceptional collection of more than 200 paintings, 158 sculptures and more than 3,000 drawings and engravings was given to the French state by Picasso's heirs in settlement of death duties. The question immediately arose of finding a home worthy of such a treasure. The choice fell on Hôtel Salé which, with its golden stone and majestic proportions, stands out even in the historic Marais quarter.

The task of transforming a 17th century classical building into a modern museum fell on architect Roland Simounet. It meant restoring everything from the roofs to the facades, from cleaning the blackened interior to reinforcing the foundations, while keeping the parts classified as a historical monumment untouched. Only then could all the technical installations to be put in place. These had to be discreetly hidden by excavating underground, thus adding to the cost of the whole operation. Total expenditure, jointly borne by the state and by the city of Paris, came to FFr 67m (£5½m).

The interior disposition of the Hôtel echoes the austere architectural purity of the entire building. But the rigour here is softened by graceful wall and ceiling decorations representing guirlandes of flowers, atlantes and children in carved stone or stucco.

The great glory of the Hôtel Salé is its magnificent staircase with forged-iron bannisters of baroque overtones leading up to the Salon de Jupiter. The architect makes good use of the staircase in the circuit round the Picasso collection. The circuit is a little complicated, but that is done perhaps on purpose in order to keep the visitor alert in spite of the 1,372 square metres he has to cover. To avoid monotony, there are in the rooms glass cases grouping smaller objects which contrast with the vast surfaces for hanging pictures. There is also indirect lighting to avoid fatigue, although this hardly competes with the daylight which floods in generously through the large windows.

One big worry haunts art specialists. They are concerned that the magic name of Picasso could draw the same huge crowds to the new museum as the nearby Centre Pompidou. They fear that even the four floors of the Picasso museum could hardly cope with such crowds. But Dominque Bozo, the curator of the new museum, hopes to resolve the problem by limiting entries to 2,000 people a day.

Cosi fan tutte/Coliseum

Max Loppert

The English National Opera has brought back John Cox's seasoned Mozart production (rehearsed this time by John Lloyd Davies). It's a little difficult for the reviewer who has heard and seen this work many times, and who has developed for it the very highest expectations, to evaluate without patronage the merits of this revival. For on Thursday it came across as a perfectly acceptable sample of company performance: nothing fell below a certain standard of achievement (apart from a few passages of clumsy stage management), and a clear, civilised view was imparted of music and comedy in all their enmeshings. A newcomer to Cosi will make a decent start here; for others, much is missing.

In a big theatre, a properly seamless ensemble is always harder to achieve; but it did seem, after suitable allowances had been made, that the cast (all newcomers to their roles here apart from Christopher Booth-Jones, a temperate and stylish Guglielmo) had not been assembled with ultimate refinements of vocal or dramatic blend in mind. Neither is the standard of dramatic involvement uniform; the liveliest actors are not the best Mozart singers (and vice versa). Maldwyn Davies, a tubby, phlegmatic Ferrando, is the only singer to achieve real Mozartian grace—the first aria was good, the third splendid (the second was, as usual, cut), and his contributions to ensembles were always fluent and beautiful.

Conversely, Lesley Garrett, the ENO's answer to Julie Walters (this is intended as praise), releases a sizzlingly combative Despina who lets too much parlando into her line, too much acid into her tone. Between these opposite poles of activity can be found the tall, energetic Don Alfonso of Rodney Macann, who pulls too many faces, and the two not ideally matched sisters of Kay Griffel and Anne Mason. Miss Griffel, a Cologne-based American (London debut) whose Fiordiligi is already familiar to Welsh National audiences, is an eminently well-schooled artist, though the voice tends to flutter rather too much to give consistent pleasure.

Miss Mason should take greater care not to let her line wobble, and should now begin to quicken her responses to the twists and turns of situations—at the moment she is content to play a pleasant but rather passive, obvious Dorabella. From no-one did one glean much insight into behaviour, much emotional development; and for this reason the mysteries of this inexhaustible, unfathomable masterpiece were no more than lightly celebrated. David Parry conducts a gentle, gracefully phrased account of the score, which—like everything else—demands something more.

Barenboim/Barbican Hall

Dominic Gill

Daniel Barenboim began his close association with the English Chamber Orchestra 20 years ago this year, and it is a link which has never been severed. He returned last Thursday to conduct a programme framed by Mozart and Schubert symphonies—the Prague K504, and the miraculous fifth symphony which Schubert wrote at the age of 19 for the small, mainly amateur orchestra in Vienna in which he played the viola. The Schubert especially was beautifully made: clear, cogent and elegant, full of laughter, and yearning, and sudden sparkling shifts of emphasis. The ensemble was exceptional, smooth and sure.

Between whiles, the ECO introduced the remarkable 15-year-old Israeli cellist Matt Haimovitz in Saint-Saens's A minor concerto. It was Sir Donald Tovey who described this same concerto as "pure and brilliant without putting on chastity as a garment, and without calling attention to its jewellery at a banquet of poor relations"—which is probably one of the most incomprehensible things Tovey ever said about a piece of music (has any piece of music, anywhere, ever put on chastity as a garment, or called attention to its jewellery at a banquet of poor relations?).

It's light, and it's fun: and it is a splendid display vehicle for such a young and talented artist as Mr Haimovitz. He took it (as a 15-year-old would) a shade too seriously — but no harm in that. The fingers are wonderfully agile, the tone is big, fine-grained, and the manner is commanding. It is not difficult to predict that we shall be hearing a lot more of him very soon.

Kiss of the Spider Woman/Bush

Martin Hoyle

Manuel Puig's two-er-hander has already been seen in cinematic form. It falls to the Bush to present the British stage première of this Argentinian jail-cell duet of increasing lyricism between a homosexual and a political prisoner. The final impression is less steamy than somnolent, the result of the considerable hot air expended at twice the necessary length.

Molina is 40, passing for 37, a movie buff (the odd Americanism of Allan Baker's translation obtrudes in the players' very English delivery). In nightly instalments he recounts the story of a Forties film noir, Curse of the Cat People, to his cell-mate, Argentine prisons evidently being the equivalent of our late-night television, something I had long suspected. Valentin is a revolutionary, grimly single-minded and in Mark Rylance's performance given to the lugubriously sanctimonious intonation associated with Mr Gerald Kaufman

The edgy relationship blossoms predictably. A token stab at dramatic tension is added by the revelation — to the audience though never to his companion — that Molina has been planted to get information from the subversive. A secret conversation between offstage stool-pigeon and prison governor is amplified into the auditorium, the onstage Valentin remaining oblivious — a clumsy contrivance more apt to radio than the stage; as is the concluding use of voice-overs giving us a run-down on the characters' ultimate fate.

Robin Don's well-designed cell and a plethora of food parcels (the programme acknowledges donations of ham, baguettes, chickens, marmalade, porridge oats, golden syrup, semolina and camomile tea, inter alia) Simon Stokes's production fails to convince entirely. Preconceptions are neatly demolished. The effeminate homosexual's (and feminist's) time-honoured assertion that "if all men were like women there wouldn't be any torturers" is countered by the Ernest Valentin's "it is not what you feel — it's what you've been taught to feel." Both shaky generalisations are gently shown up as sentimental clichés.

But the play drags, perhaps needing a filmic fluidity of viewpoints and a more varied pace. Ultimately attention focuses on Simon Callow's Molina, all embonpoint and massive haunches, bulging out of casually knotted open blouse and short shorts. He skips round the cell with the lithe daintiness of a mountain goat and totters giddily on the precipice of caricature, without actually falling, with a lisp and the look of an adoring water-spaniel.

Simon Callow

Alastair Muir

The climactic coupling with the spare Mr Rylance, achieved with much heaving and humping of blankets, may recall a hippopotamus being mounted by a gnat, but Mr Callow remains the best reason for seeing the play. Its courage in the context of the ludicrous over-masculinity of Latin America is beyond doubt, but its well-meaning predictability arouses respect rather than excitement. And what Barry Lyndon did for Handel this production almost achieves for "Che faro": it makes you want never to hear the music again.

Royal Philharmonic/Festival Hall

Andrew Clements

The Royal Philharmonic Orchestra ended last season very much on a high, with moral and standards restored by the arrival of André Previn as musical director. It began its new concert year at the Festival Hall on Friday with a generous all-Brahms programme conducted by Vladimir Ashkenazy. The results were somewhat disappointing; one cannot report yet that the recent improvements have been sustained.

At the outset the Academic Festival Overture had promised good, careful playing; Ashkenazy began steadily, almost prosaically, and led up to the rowdy climax with civilised restraint, while the orchestra responded efficiently, if without the healthy bloom of a band on its top form. By the time the Fourth Symphony was reached at the end of the evening, however, slackness had crept into some of the wind intonation and ensemble, and there were more misjudgments of co-ordination than one might reasonably expect.

The conductor also took the symphony without apparently great enthusiasm, raising the spirits only for a convincingly dramatic reading of the finale; it was significant that the RPO also gave a better account of itself at this point. Both of the opening movements had become bogged down in one way or another, the first in massive, cumbersome textures which seemed to contradict much of the music's sense, the second in its choice of tempo, which extended the abilities of the orchestra to phrase such long paragraphs beyond reasonable limits.

Meanwhile Stephen Bishop-Kovacevich had been the soloist in the the D minor Piano Concerto. What Ashkenazy the pianist brings to the role of orchestral accompanist in this concerto was not always, it seemed, entirely positive. The exaggerated drawing-out of the second subject in the introduction may have mirrored Bishop-Kovacevich's choice of tempo, but rejected his keen objectivity in favour of a spurious sensuality. In each movement there were passages of great conviction—chiefly at slower tempi—and a memorable Adagio—rapt, concentrated playing from the soloist—but otherwise there was a failure to channel the drama of the work into a comprehensible and communicable form.

Berlin Music Festival highlights

A new production of Wagner's Ring cycle by Götz Friedrich, Indendant of the Deutsche Oper Berlin, is one of the highlights of the West Berlin Music Festival, which runs until the end of October.

Das Rheingold will be performed on October 9 and 23, Die Walküre on October 13 and 26, Siegfried on October 16 and 30, and Götterdämmerung on October 6 and 20 and November 3. Other Götz Friedrich productions are Aida with Julia Varady and Fidelio with Peter Hofmann. Dietrich Fischer-Dieskau will present a Liederabend in the Deutsche Oper on September 24.

Berlin's own Philharmonic Orchestra will be conducted by Herbert von Karajan on September 28 and 29.

The Wilanow Quartet from Warsaw will perform on September 28.

Radio symphony orchestras from West German broadcasting houses will appear under noted Conductors.

Paata Burchuladze/Wigmore Hall

Max Loppert

Burchulardze, the young Georgian with a bass voice that has been bringing out free-flowing comparisons with Shalyapin, gave a first Wigmore Hall recital on Friday. It was an Event — sold out, and tumultuously cheered by an audience far glossier than the usual Wigmore standard. One doesn't wish to play Carabosse in the early stages of such an artist's British career, for it is clear that the voice is of magnificent quality, rolling out from top to bottom with the depth of tone and the fullness of sonority that only authentic Eastern European basses can summon. He is also a gifted, uninhibited operatic performer—the concert concluded with two of Boris Godunov's Act 2 monologues (in the Rimsky reworking) in which voice, face, stance, and gesture all came together with memorable largeness of style.

But elsewhere it was clear that he still has much to learn about the art of giving recitals. The first part of a notably short-measure concert was devoted to nine Rakhmaninov songs. Where—in such as "At the gate of the Holy Place" or "Christ is risen"—great big vocal gestures could be unfurled, Burchuladze was in his element delivering them; but where the classically smooth, seductive style of Russian singing was more urgently required (and with it a suavely close-pressed legato line), he instantly lapsed into a kind of sincere and energetic obviousness, with dynamic ranges grossly simplified and nuances of sentiment ironed out.

The all-Musorgsky second part began with the Songs and Dances of Death, whose starkness of outline found a much more immediate and personal responsiveness (though one only has to think back to Arkhipova and Christoff to recall the finer, more chillingly death-haunted shadings here blunted). Comedy—"The Goat" and, as a single encore, "The Flea"—came off even better. There was, indeed, much to thrill and stir in the singing. But it will not help the still-necessary development of so rare and immensely talented a singer if everything he does is greeted with unmodified, uninformed rapture. The pianist, a willing but inevitably subservient partner, was Ludmila Ivanova.

Lark Rise/Almeida, Islington

Antony Thorncroft

Lark Rise, the adaptation for the stage by Keith Dewhurst of Flora Thompson's memories of rural life in an Oxfordshire village in the 1880s, was a success on its first appearance at the National Theatre in 1978. It has been revived by the Leicester Haymarket, who have brought it to this friendly north London theatre until October 12.

Its attraction is its simplicity, as it traces a routine day in the village of Lark Rise at harvest time, contrasted with the hectic dances by the cast, and the electronic folk music by the Albion Band, which invigorate the frankly mundane dialogue. This is an attempt to re-capture the lost England, the simplicity of peasant life, in which, through dance and folk-lore, the community lived at one with nature.

But since it also lived at one with great poverty Lark Rise hardly creates nostalgia for a hundred years ago. There is, in fact, an unsettling divide between the drudgery of it all and the exuberance of the dancing; the two parts desperately need each other to retain interest but are basically at odds. It is also a pity that Dewhurst has concentrated on the petty lives of the women rather than the more dominant activities of men.

The cast work with a will, and are attractively bucolic, but this is an earnest, laboured, production. Although there is a beautiful escapist, laboured, cloth, the humped-on stage settings suggest improvisation in church halls rather than a picturesque village. The Albion Band is, inevitably, too loud and brash: a simpler, melodic backing, using more traditional folk songs as counterpoint, might have set off the episodic encounters more poignantly.

Yet Lark Rise is enjoyable, with Karen Copperfield as the slightly superior Emma and Sally Cookson as her daughter with the thwarted potential, just worth mentioning before the rest of the multi-parted cast.

As a concept Lark Rise scores heavily, but the inconsequence of the script, and the down-beat role-playing fail ultimately to provide a really convincing evocation of rural England. Only in the set pieces — the dragging of an old soldier to the work house, and the final, brief, updating when the village is seen 30 years later commemorating the end of a First World War which killed off its sons but also ended its poverty—is there real drama.

Arts Guide

Music — Sept 20–26

LONDON

National Symphony Orchestra of Washington conducted by Mstislav Rostropovich with Martha Argerich, piano. Rossini, Ravel and Shostakovich. Royal Festival Hall (Wed); with Anne-Sophie Mutter, violin. Beethoven, Mendelssohn and Shostakovich (Thur).

PARIS

Washington's National Symphony Orchestra conducted by Mstislav Rostropovitch: Berlioz, Debussy, Shostakovitch (Mon). Salle Pleyel (5636873).

Monteverdi Choir and Soloists, The English Baroque Soloists. John Eliot Gardiner: Händel's oratorio – Israel in Egypt (Mon). TMP-Chatelet (2334444).

ITALY

Venice: Gran Teatro la Fenice (music biennale): A concert conducted by Pierre Boulez, with Phyllis Bryn-Julson (Mon); Boulez includes Berio's Circles and Le Marteau sans Maître by Boulez (Tue). (25191).

Milan: Teatro Alle Scala: Carlo Maria Giulini conducts the violinist Salvatore Accardo in Beethoven and Schumann (Thur). (809126).

NETHERLANDS

The Fourth Hague Bach Festival commemorates the tercentenaries of Bach and Händel. Chamber music from the La Petite Bande ensemble in the Schönberg Zaal of the Royal Conservatory (Juliana van Stolberglaan 1). (Tue); and from Sonata da Camera in the Gotische Zaal (Paleisstraat 3). (Wed). Händel's Acis and Galatea in the Nieuwe Museon (Stadhouderslaan 41), directed by Mireille Pédaugé, with Chris Farr conducting the Camerata Amsterdam (Thur). (656806).

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Edo de Waart, with Theo Bruins, piano. Satie/Debussy, Van Baaren, Rachmaninov (Tue). (718345).

VIENNA

Chamber Music with the Vienna Bach Soloists. Bach, Händel. Minoritenkirche (635575). (Thur).

Chamber Music evening with Thomas Goldschmidt. Bach. Musikverein Brahms-Saal. (Tue and Wed).

TOKYO

Panocha Quartet: Mozart, Schubert, Dvorak. Tokyo Bunka Kaikan, Small Hall (Wed). (2351661).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti opens the season with cellist Lynn Harrell in a programme of Tchaikovsky, Shostakovich, Beethoven (Thur). (4358122).

NEW YORK

Carnegie Hall: Vienna Philharmonic conducted by Lorin Maazel. Mozart, Stravinsky, Brahms (Thur). (2477459).

Arts news in brief . . .

Mobil is to sponsor a season of concerts in the Chapel of the Royal Naval College, Greenwich for the ninth consecutive year.

Artists will include the Julian Bream Consort, the Academy of St Martin-in-theFields, Robert Cohen, Mitsuko Uchida, the Tallis Chamber Choir with the English Chamber Orchestra, and a traditional Christmas concert with Peter Bowles.

★

Christie's has secured a choice property to launch its first ever auction in Monaco on December 6 — the collection of French furniture amased by the late Sir Charles Clore. Sir Charles picked up many of his best items from the Wildenstein/Ojjeh sale held by Sotheby's in Monaco in 1979, shortly before his death. All told the furniture should realise more than £3m.

★

The third London International Festival of Theatre (LIFT) this year was financially the most successful so far. Seventeen international and 30 British productions attracted 63,000 people. The most successful shows were the Fourth Peking Opera Troupe at the Royal Court and La Gala Scienza from Italy at the Shaw Theatre.

The Festival, which cost £245,000, has broken even and covered the deficit of £18,000 from previous years. There are plans to hold another Festival in 1987, if funds can be raised to replace the GLC's support of £100,000.

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Monday September 23 1985

Beyond the Rainbow

SINCE the foundation of the Fifth French Republic in 1958, all French Presidents have been the victims, sometimes through their own fault, of major political scandals. General de Gaulle had the notorious Ben Barka affair, in which a prominent Moroccan Opposition leader vanished without trace in France; M Pompidou became embroiled in a complicated underworld scandal known as the Markovic affair and M Giscard d'Estaing's position was seriously undermined by the affair of the diamonds he had received from the Central African Emperor Bokassa.

Impressive as these precedents might be — their enormous impact at the time has tended to fade with the years — they can be of little consolation to President François Mitterrand as he faces the consequences of the resignation of M Charles Hernu, his Defence Minister and close friend.

Even by previous French standards, the international and domestic furore caused by the sinking of the Greenpeace ship, the Rainbow Warrior, in Auckland Harbour, New Zealand, must rate somewhere near the top of the Richter scale of tremors. Not only is M Hernu's resignation an implicit recognition that the French secret service was responsible for the sinking of the Greenpeace ship, in spite of previous official denials and the unbelievably bland Tricot report, but it raises the whole question of Presidential responsibility.

Admission

The admission by M Hernu in his resignation statement that responsible officials of his Ministry had hidden the truth from him, plus the dismissal of Admiral Lacoste, the secret service chief, are intended to place the blame fairly and squarely on these two men's shoulders. But even if it is accepted that the President was not aware of the instructions to sink the Rainbow Warrior, that is a recognition of lack of Presidential and governmental control over the armed forces and secret services.

It is an admission that no President of the Fifth Republic, who also has the title of Commander-in-Chief of the Armed Forces and is traditionally in charge of foreign policy, can afford to make with impunity.

M Mitterrand's whole carefully constructed stratagem for the 1986 election has now been seriously undermined. Fully aware that the Socialist Party which supports him is most unlikely to win an absolute majority, M Mitterrand has been preparing to govern with an Administration of the Centre covering a wide political spectrum. Such a solution is intended to avoid a constitutional deadlock between a President and Prime Minister of radically opposed political views, which has never before occurred under the Fifth Republic.

Firmness

After the latest events, however, it seems much less probable that leading Centrist or Gaullist political figures like M Giscard d'Estaing or M Chirac, who appear to have been tempted by President Mitterrand's plan, will want to contemplate an association with a discredited President.

The President's problems have been compounded by the fact that he has tried to gain on the swings of foreign policy what he has lost on the roundabouts of domestic policies. His firmness on the continuation of French nuclear tests in the South Pacific and his forthcoming meeting with Mr Gorbachev, the Soviet leader, probably gained him some points with an increasingly disaffected electorate. But after the official volte-face in the Rainbow Warrior Affair, even M Mitterrand's reputation as a skilful international statesman has been badly tarnished.

As more and more details come to light about the affair, one salient fact must not be forgotten. A whole bevy of French secret agents, some of them members of the armed forces, have operated in a friendly country, New Zealand. Two of them are alleged, on the basis of reliable information, to have blown up a ship in the territorial waters of that nation.

Between two western nations such behaviour must be considered as unacceptable, as is the disdain with which the protests of Mr David Lange, the New Zealand Prime Minister, have been treated. A frank apology, even at this late stage, is the least that New Zealand can expect to receive from France.

Labour's plan for the City

A COUPLE of months ago, Mr Roy Hattersley, the Shadow Chancellor, conferred new respectability on Labour Party economic policy in a weighty speech on public borrowing. A closely-argued critique of the public sector borrowing requirement as a measure of the Government's fiscal stance earned Mr Hattersley new respect in the City.

Hopes that Labour economic policy might continue to gain coherence and rationality, however, may be undermined by the party's new pamphlet "Investing in Britain." The document attempts to spell out a new, avowedly socialist, industrial policy. The lynch-pin would be a new publicly-owned National Investment Bank financed in the first instance at least by the repatriation of funds invested overseas by City institutions since 1979. The NIB's role would be to identify domestic investment opportunities and to funnel long-term, concessionary loans to British companies.

Lending growth

The assumption underlying the strategy is neither new nor convincing. It is that the root cause of Britain's relatively poor industrial performance lies in the failure of City institutions to meet the needs of domestic industry, especially those of small and medium-sized companies. On this analysis, the main reason for the UK's relative decline lies not in poor management, uncooperative unions, or a dearth of entrepreneurs but in the failure of commercial banks and other financial institutions to channel enough cash into domestic projects. The City, argues the Labour Party, is, for historical reasons, preoccupied with international trade and finance.

There are many reasons to query this analysis. Britain is a comparatively small, open economy: arguably more sectors need to be as outward-looking as the City. The notion that industry as a whole is starved of cash is implausible. The corporate sector has been running a huge financial surplus and the growth of bank lending has been explosive in recent years. The deregulation of financial institutions is rapidly increasing competition between borrowers. The idea that an NIB staffed by diligent bureaucrats would identify viable projects faster than Barclays, 3i, Citibank or the Prudential is unrealistic.

More worrying than the NIB prposal itself is the economic naivety of many statements in the pamphlet. It is both parochial and protectionist. "We believe," it says, "that the proper place for British savings is in British investment." Has Mr Hattersley never heard of the international capital market nor of the principle of comparative advantage? In the 1980s, it is as absurd for a country to hoard its own savings as to attempt to be self-sufficient in particular traded goods. British investors now have the advantage of an international market for their savings; British companies have the corresponding benefit of an international pool of capital.

There is also a markedly illiberal tone to much of the document. The Labour Party intends to ensure "that multinationals play their part in achieving our industrial objectives" and that decisions taken by companies assisted by the NIB will "reflect the overall goals of our strategy." Moreover, the pamphlet maintains it would be "inefficient" to allow funds repatriated from abroad by institutions (on pain of incurring tax penalties) "to be wasted on the Stock Exchange." Instead they would be gobbled up by the NIB and used to further "our" interests.

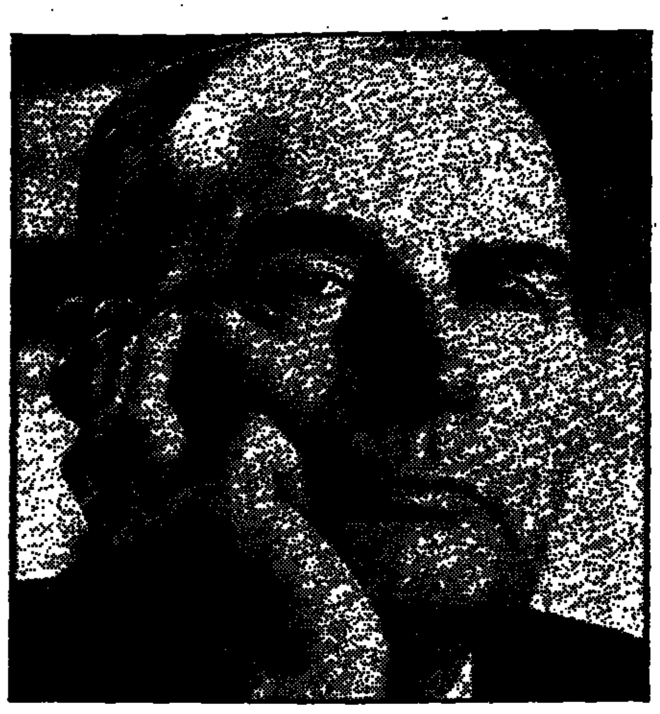
How NIB officials would determine the correct allocation of the very large sums (perhaps of the order of £20bn) that Mr Hattersley hopes to repatriate is left unclear. Is it perhaps by "picking winners?" Equally inscrutable are the economic criteria by which the Shadow Chancellor determines that "far too much" has been invested abroad in the past six years.

Scepticism about Mr Hattersley's proposed policies is not the same as unequivocal praise for the status quo. It is dispiriting, though, that Labour, unlike the other political parties, still rejects the presumptions which underlie all mainstream economics textbooks. If Mr Hattersley could accept, even in principle, the efficiency of markets and argue instead about the degree to which the state should seek to redistribute income and wealth, Labour would have taken a big step forward.

The French Presidency after the Greenpeace affair

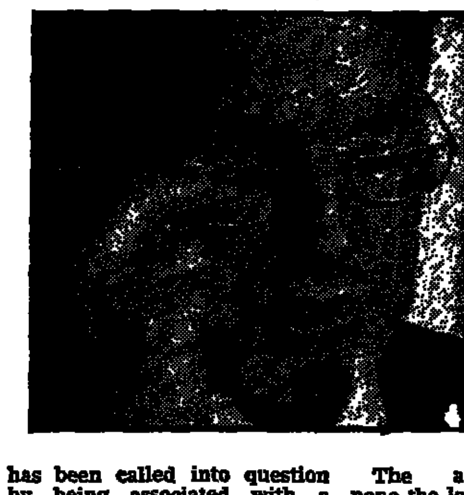
Mitterrand now a wounded combatant

By David Housego in Paris



Ashley Ashwood

President Mitterrand (above), Charles Hernu (below left) and the Greenpeace vessel Rainbow Warrior



PRESIDENT Francois Mitterrand of France now enters the most difficult phase of his seven-year term of office with his administration badly wounded.

Even before the disastrous events last week which brought about the downfall of M Charles Hernu, the Minister of Defence, for his role in the Greenpeace affair, the French Socialist party was condemned to lose its absolute majority of seats in the National Assembly under the system of proportional representation that has been brought in for the March elections.

But under the institutions of the Fifth Republic, the parliamentary elections are not the decisive factor in achieving a fundamental shift of power in France. If the right-wing opposition wins the March elections —as seems increasingly probable—it would still have to contend with a Socialist M Mitterrand installed at the Elysee for another two years.

The whole Socialist strategy was based on M Mitterrand using that period and the considerable powers of the President's office to discredit the new government and thus give the Left a chance of regaining the Presidency at the next Presidential elections due in 1988.

But that strategy depended on M. Mitterrand maintaining his moral authority as President to ride out what would be a bitterly fought conflict with the Right. It also depended on the administration of M. Laurent Fabius leaving behind an image of competent and successful government around which the Left's next candidate for the Presidency could rally a Social Democrat and centrist majority.

It is that strategy that has been put at risk by the bungled sinking of the Rainbow Warrior in Auckland harbour on July 10 and the subsequent even clumsier attempt to conceal French involvement in it.

The danger for the President is that the opposition will attempt to transform the Parliamentary elections in March into a plebiscite against the President who has lost the legitimacy of his office and with whom the Opposition is no longer obliged to share power.

M. Jean Lecanuet, the president of the UDF— the second largest opposition group—and chairman of the Senate's committee on defence and foreign relations seemed to be setting his sights in that direction when he said over the weekend that under the constitution the President was head of the armed forces and the Prime Minister was responsible for national defence.

"In those conditions," he declared "it is impossible for them to shift their responsibilities and it is unbelievable that they were not informed."

It was in the hope of nipping this pressure in the bud and of ensuring — to paraphrase President Truman — that "the buck" did not go higher, that M. Hernu was forced to resign. To the government's credit, as Le Monde pointed out yesterday, it has gone further in accepting blame than any of its predecessors ever did in the other murky affairs that have marked the history of the Fifth Republic.

But the damage to the government and the Socialist party is already considerable.

The President is the symbol of France's image abroad. France has been brought into ridicule by the operations of its foreign intelligence's services (the DGSE) and its moral stance on human rights issues has been called into question by being associated with a "terrorist" act. The President's image has suffered accordingly.

M. Hernu was one of M. Mitterrand's most trusted ministers whose resignation he had refused, it now emerges, as long ago as August. He was also a key element in the President's political jigsaw in that he represented the type of consensus over foreign policy and defence that M. Mitterrand was seeking to strengthen.

For after March next year, defence and foreign affairs are the two areas over which he will retain most influence and he had intended to use his authority there to reinforce his domestic position.

In the eyes of public opinion the government's evasiveness over the sinking of the Rainbow Warrior and its inability to obtain information which the Press did succeed in getting hold of is a sign of complicity or incapacity. Either way it has dealt a blow to the efforts of M Laurent Fabius, the Prime Minister, to establish an image of quiet and effective government.

For the Socialist party—torn between its condemnation for what M. Mitterrand himself called "an absurd and criminal act"—and its support for the government, it has been an agonising period. The affair is likely to demoralise the party further and sharpen the rivalry between its leaders—notably between M. Fabius and M. Michel Rocard—for the succession to M. Mitterrand.

The administration has none the less almost six months in which to rebuild its image before the March elections. It cannot begin to do that until it first provides credible answers to the central questions of who gave the order for the blowing up of the Rainbow Warrier and who was responsible for the cover-up?

There are no clear answers to either as yet and they will not be easy to provide without either implicating more members of the government or dragging in the senior hierarchy of the armed forces.

For the most damaging paragraph in the now discredited official report, prepared by M Bernard Tricot at the Prime Minister's request, was that Geneal Jean Saulnier had given budgetary approval for the operations against the Greenpeace organisation.

General Saulnier was at the time head of President Miterrand's military staff and is now chief of staff of the armed forces.

M Mitterrand needs to maintain the support of the heads of the armed forces if he is to have any chance of maintaining a consensus over defence and foreign policy. He cannot afford to put General Saulnier or his colleagues in the dock.

The crucial figure in carrying out the fresh inquiries demanded by the Prime Minister will be M Paul Quiles, the new Minister of Defence. His starting point in providing answers to the two major questions is the statement in the letter of resignation of M Charles Hernu. M Hernu said that he knew "in an irrefutable way that responsible officers in my Ministry concealed the truth from me." Thus, Admiral Pierre Lacoste, the head of the DGSE, who was sacked on Friday, was not alone.

M Quiles, who has the reputation of being a hardliner in the Socialist party, will have three uncomfortable rivals pacing him in his inquiries. The New Zealand police are still gathering material for the trial of the so called "Turenge" couple—since identified as DGSE officers—on charges of involvement in the blowing up of the Rainbow Warrior which led to the death of a Portuguese photographer. The case opens on November 4, but could drag on well into the New Year.

M. Quiles' second group of competitors are the French press who have so far shown themselves more active in penetrating the government's stonewalling that anybody had imagined."

The third are the French opposition parties who are also out for blood. Up to now in the Greenpeace affair they have taken a back seat and there is at least one factor still urging restraint. They are nervous of bringing into disrepute the armed forces and it is difficult to attack ministers (or the Elysee) while avoiding the military hierarchy under them.

Thus what had already seemed a highly charged political atmosphere over the next two years is now looking even more explosive. It is also becoming clear that the Parliamentary and Presidential elections—between which there was due to have been a two-year interval—are increasingly snowballing into each other.

A growing number of people in the government and opposition do not believe that the conflict between a Socialist President and a right-wing National Assembly can last two years—and thus increasingly think that the Presidential elections will be brought forward.

But even in these dark days for the Socialists, they still hold considerable cards in their hands to help them to reverse the tide before the next Presidential elections. The Right—on the hypothesis that the combined Parliamentary opposition of the RPR and the UDF won an overall majority—would be taking over the government in extremely difficult circumstances.

On the economic front, the Socialists will leave a legacy in which any departure from current restrictive policies will have adverse consequences over the short term on the main economic indicators. Inflation, already at a 13-year low of 5.6 per cent, will fall further next year and the trade account is heading back into surplus.

Unemployment is likely to be rising again from the middle of next year as the Socialists' community work programmes come to an end and as the level of economic activity again slows.

In such circumstances, the short-term impact of the Opposition's programme to liberalise the economy by lifting price and exchange controls, easing the restraints on companies seeking to dismiss labour and lowering taxes, would be a worsening of the inflation trade and unemployment figures.

In addition the Opposition would have to carry out a devaluation of the now overvalued franc.

The new government would take power—rather as the Socailists did in 1981—on the back of the high expectations of their supporters. They would be sniped at by the extreme right wing National Front of M. Jean-Marie Le Pen on the side and a strong group of ex-Socialist ministers in the National Assembly on the other.

M. Mitterrand has said that he would not remain "inert" as President. He has the power to dissolve the National Assembly after a year, to call a referendum or to shorten the President's term of office.

Officials make clear that he is ready to use all these levers and more.

Though the opposition is agreed on its broad economic objectives, it is divided on priorities. It is also split over the rivalry between M Jacques Chirac, the leader of the neo-Gaullist RPR, and M Raymond Barre, the former Prime Minister, to be the Opposition's next presidential candidate. In this race former President Valery Giscard d'Estaing, is now falling behind.

It is because of all these difficulties that M Barre has long argued that power-sharing with M Mitterrand — "cohabitation" —is unworkable and that the Opposition should seek in the March elections a crushing victory that would force M Mitterrand to resign. His views have strongly gained ground this summer within the opposition.

But M Barre, though the most popular of the opposition leaders on the basis of the public opinion polls, has no party behind him. The largest opposition party in the new National Assembly would be the RPR of M Jaques Chirac.

M Chirac is convinced that the opposition could not refuse to take power in March if they are victorious. He is also convinced that the only way he has of overhauling M Barre is to take the Prime Minister's job next year and thus lead the conflict against M Mitterrand himself—hoping that he can gain the credit for sweeping M Mitterand from power.

M Chirac's lieutenants, together with the more right-wing groups in the UDF, are thus working on a programme of "shock" measures — a framework denationalisation law, the removal of price and exchange controls, easier dismissal procedures for companies — that could be put to the first session of the new National Assembly in April and would mark a decisive break with the Socialists' administration.

Having shown his colours, M Chirac then has an interest in provoking a conflict with M Mitterrand that would eventually result in the President's departure. M Mitterrand has an interest in keeping M Chirac in the seat for a good year so that the adverse short-term consequences of his measures would have their maximum impact.

The conflict next year has thus irresistibly been moving towards a duel between these two men.

But before entering the lists, M Mitterrand needed to boost his authority and prestige. Instead it is as a wounded combatant that he moves into the arena for the final round of the drama.

He could also find that, in the wake of the Greenpeace affair, his main challenger now is M. Barre, campaigning on the theme that if the Right is victorious in March, there is no place at the Elysée for M. Mitterrand.

Sign-posting the High Street

By this time next week, the signs outside 308 branches of Williams & Glyn's bank will be replaced by the legend of the Royal Bank of Scotland.

The job is being done by the South East London-based family firm of Pearce Signs, which for nearly 200 years now has been sign-posting the changes in Britain's High Streets.

It was Pearce that lit up the newly-merged Natwest banks; that pinpointed the AbbeyLink cash dispensers; that marked the spread of McDonald's hamburgers throughout the UK and Europe.

Ever since Samuel Pearce began carving and painting signs for local tradesmen and pubs in 1791, the family has been helping the man-in-the-street to find his way about it.

It has been a profitable business. As the seventh generation of the family in the shape of Nicholas Pearce, 26, joins the still-private company today, his father and chairman, Brian Pearce, is forecasting a turnover this year of £17m.

The company now employs 750, has a small subsidiary in Holland, and hangs its signs as far afield as the United States and the Middle East.

Though there have been a lot of technical changes since Sam Pearce carved his first signs—the company uses lasers and computer graphics in its production processes — Brian Pearce tells me that the old skills of sign-writing still have an important place in his scheme of things.

Though little known outside its trade, the Pearce family has probably had as much impact on our modern urban environment as any town planner or architect.

Now firmly established as the biggest sign-maker in Europe, Brian Pearce sees no reason to divert the company from its mainstream business.

Though it makes some road traffic signs and bullet-proof glass, Pearce says: "Our business will continue to be to tell those who want, say, the Midland Bank, where to find it."

"The Foreign Secretary and his Soviet counterpart will be discussing the introduction of cheap excursion fares for diplomats."

Men and Matters

Model Kit

Only last week Kit McMahon was criticising the big staff changes and high salaries that have been triggered by the City revolution. His own imminent move to the Midland Bank might seem a little ironical in light of his strong words. So what are the financial inducements to which he has succumbed?

The terms of his employment at Midland have not yet been settled, I gather. At the Bank, McMahon was believed to be earning about £75,000 a year, not much short of the salary carried by the chairmanship of the Midland Bank. Not, as they say, "a telephone number figure." But then McMahon could hardly be moving just for the money.

Taylor made

Harry Taylor was obviously not retiring to Guernsey to grow tomatoes. This hardy Yorkshireman who, in the space of 43 years, worked his way up from a branch of Martins Bank to the post of president of Manufacturers Hanover Corporation, fourth largest bank in the U.S., has taken in his first new assignment.

He is becoming a consultant on banks and financial institutions to Deloitte Haskins and Sells, the accountancy firm which has formed International Financial Industry Group.

This is quite a coup for Peter Chapman, Deloitte's partner in charge of banking, who was yesterday counting the benefits both to the firm's business and its clients (who happen to include the Bank of England).

"We are obviously very pleased about it," he said.

Taylor himself spent much of yesterday fogbound at Jersey airport on his way back from a speaking engagement in Williamsburg, Virginia. "It's what I know and who I know that I shall bring to bear," he said, when he finally reached the home that he is still trying to put straight.

His first duty will be to speak at a seminar which Deloitte's is organising in Jersey on "managing risk in financial institutions" later this month. He will also be helping the firm to keep track of all the changes that are reshaping the financial services business.

Taylor has set himself the target of working 50 to 60 per cent of his time in retirement. Has he other irons in the fire? "I have, but it's a bit early to talk about them," he said.

Going Dutch

Dutch investment expert, Klein Haneveld left London for home two years ago, feeling that his three young children should be brought up in his native land, but now he is on the way back. Next month he takes up the key position of investment director at Touche Remnant's Puddle Dock headquarters.

"London is an economic place to be," he says, and indeed global strategists like Haneveld carry a high price tag these days. I am told that the investment trusts which control Touche Remnant had to "bite the bullet" when agreeing his salary.

He had been whisked away from the deputy investment manager's position with the Dutch pension fund of the Shell group in The Hague. Previously, he spent nine years with Morgan Guaranty Trust in London, and though it is possible to detect a reluctance to move his family abroad again, the job opportunity in London proved, at 37, too much to resist. "Professionally, I look forward to it a lot," says Haneveld.

For Touche Remnant's managing director, Peter Gray, an active recruiter in recent months, Haneveld is a crucial piece in the organisational jigsaw. Having built up a diverse team of investment specialists, Gray will now have, as investment director, a generalist who will be able to impose some sort of order on the assorted individuals.

"We need to have the macro picture authoritatively defined," says Gray, slipping into the kind of jargon which afflicts investment managers these days.

Observer

FOREIGN AFFAIRS

Tit-for-tat: a champion strategy

By Ian Davidson

"THIS HAS not," said a British Foreign Office spokesman last week, "been tit-for-tat so far as we are concerned. We have acted on objective evidence. The tit-for-tat element has come exclusively from the Soviet side."

He was, of course, seeking to explain Mrs Thatcher's decision not to prolong the reciprocal expulsions of Soviet spies and innocent British citizens into a third round.

No one was deceived by these *protestations of injured innocence*: Mrs Thatcher can *only* have been playing tit-for-tat with the second bunch of Soviet expellees. If they really posed a threat to British security, why weren't they expelled in the first round? What the Foreign Office spokesman and Mrs Thatcher may not have known, as I did not know until a week ago, is that Tit-for-Tat is, in theoretical terms, a *champion* bargaining *strategy*, perhaps the best there is. It appears that an American professor has proved as much, with a computer.

Computer models are not the same as real life; in particular, they *can only cope with ultra*-simple, binary choices, and their method of scoring wins and losses is equally skeletal. Nevertheless, *our* American intellectual, Professor Robert Axelrod, has done a pretty *interesting experiment which* may have useful lessons for bargaining between the superpowers, and which is the subject of a long and subtle commentary by Christopher Makins in the latest issue of Survival.

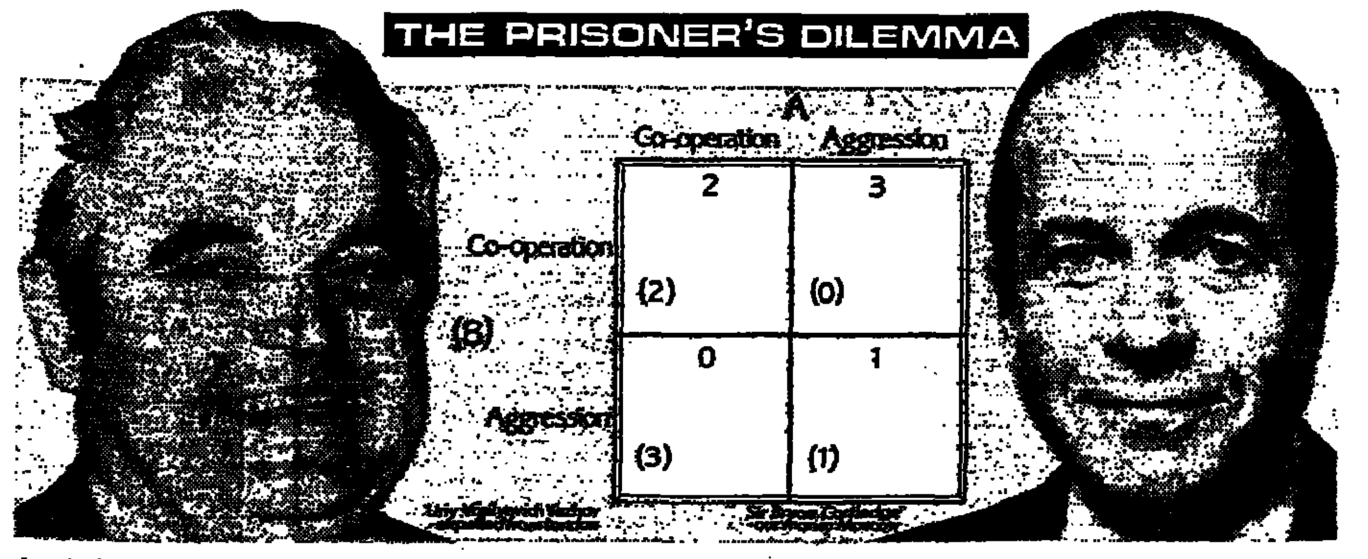
In this particular case, it is hard to measure whether London or Moscow came out better from the exchange. Mrs Thatcher obviously miscalculated the likely Soviet response to her initial eviction of 25 Soviet spies, and may be thought to have lost face by withdrawing from what was turning into an arm-wrestling contest. But it is arguable that Britain is still ahead of the game.

The sequence of events suggests that the expulsion of the first Soviet contingent was forced on the British government. The defection of Oleg Gordievsky, *chief KGB resident* in London, must have blown the cover of his colleagues in Britain (and perhaps elsewhere). To have allowed them to stay would have been to give Moscow, and Washington, the impression of abject feebleness on *the* part of the Iron Lady.

By contrast, the immediacy and numerical exactitude of the Soviet reprisal suggests that equivalence of retaliation was for them the governing factor, and more important than any question of what the wretched Britons had really been up to. For all we know, some of them may have been spying—whatever that means—but Moscow's primary concern was to meet toughness with toughness. In that sense, Mrs Thatcher lost by losing face.

But in terms of reality rather than psycho-games, Britain has probably come out ahead, even if psycho-games are also part of the reality of inter-state relations. Both sides have suffered inconveniences. But the Russians have lost a clutch of spies, at least one of whom was a *big fish*, so they have suffered damage to their intelligence system. Since, as Mr Caspar Weinberger, U.S. Defence Secretary, has just reminded us in great detail, the Russians depend heavily on industrial and intellectual espionage to steal western military technology, the damage to their spy network could have material consequences.

Some, like Professor Axelrod, would argue that since Britain *was still ahead, even after the* second Soviet retaliation, she should have stuck grimly to a strategy of Tit-for-Tat. The Russians have far more people in London than Britain has in Moscow, and no doubt a far higher proportion of them is engaged in espionage; they would therefore run out of *ammunition sooner, and suffer* more damage.



Two players choose co-operation or aggression. The four combinations produce different scores, from 0 to 3

Professor Axelrod's experiment was based on a variant of the classic strategy game called The Prisoner's Dilemma. The scenario is that there are two prisoners, in separate cells and they have the choice between silence and confession. The rule of the game is that a prisoner will get the maximum sentence *if he remains silent* while the other confesses; conversely, he will get the lightest sentence if he confesses while the other remains silent. If both confess or both remain silent, both receive equal but intermediate sentences, heavier in the case of simultaneous confession.

The dilemma can be translated into the real world of super-power bargaining. The Russians and the Americans have the greatest *common* interest in sticking to arms control agreements. But the Russians score the biggest relative *national* advantage, if they cheat and the Americans do not.

In the *game*, the logic of the prisoners' dilemma is that both of them will want to minimise *the worst possible outcome*—the maximum prison sentence. They will, therefore, both be likely to confess, even though both would have been better off if they had remained silent.

This well-known model has long been used by strategy games players to draw a pessimistic inference about the re*lationship between the super*powers. If they pursue a minimax strategy, as logic indicates they should, they (and we, of course), will end up with a poor result. The determination to avoid the worst possible out*come leads both sides to en*gage in antagonistic acts, which cumulatively are called the arms race, the cold war, etc. Arguably, it also leads the Russians to cheat on the 1972 Anti-Ballistic Missile Treaty and the *Americans to prepare to do so* with their Strategic Defence Initiative.

The simple version of the game has a number of shortcomings as a paradigm for the real world. For example, there *is no public prosecutor*, and the superpowers are not prisoners in cells, unable to communicate with one another. Second, the game only allows for different degrees *of penalties*, so that its conclusion is unavoidably pessimistic about the possibilities of co-operation. That is why, in the diagram, I have framed the scores in terms of rewards not punishments.

It is symptomatic of the mind-set of so many American (and perhaps Russian) strategic analysts, that they have a narrowly-focused obsession with questions about nuclear weapons, where potential losses are horrific and gains merely an absence of loss; so it is not surprising that they tend to concentrate on worst-case assessments.

Third and most important, real life cannot be reduced to a single, fatal choice: *it consists* of a long series of (mostly minor) choices, allowing for feedback from the other player and for the ever-present possibility of a change of tactics.

In short, the super-power relationship is a continuing affair. Every day, every year, they re-encounter the prisoner's dilemma, so in principle, even after 40 years of confrontation, there should be room for a learning process which moves them up from a worst-case, mini-max strategy.

Professor Axelrod's contribution to theory has been to take account of these real-life factors, by holding a Prisoner's Dilemma tournament between a number of different strategies, each of which was tested against each of the others over several hundred moves or choices. One strategy proved the overall winner: Tit-for-Tat. If the other guy is nice, you immediately respond with niceness; if he's nasty, you immediately retaliate. It did not produce spectacular gains, but it never came off worst except by a small margin, and it tended to promote co-operation with any other strategy that entertained the option of co-operation. (There lies the rub?)

The problem is that, in the tournament, each round began with the first move; and the first move under Tit-for-Tat was always co-operative. In real life, on the big strategic issues, there is seldom such a thing as a first move, and both superpowers have a long folk-memory of antagonism. Never-the less, the Axelrod theory has interesting lessons for diplomacy.

The first lesson is that Tit-for-Tat is very simple; and because it is absolutely consistent and predictable, it automatically holds open the option of co-operation as more advantageous to both sides than confrontation.

Second, its simplicity voids the bargaining process of all ideology and all questioning of motives. You can forget about the Russians' long-term ambitions and their propaganda if your strategy is simply to match their actions immediately and precisely.

Thirdly, and perhaps most important, it is a strategy without a strategy. Americans, as Dr Henry Kissinger has frequently lamented, have the greatest difficulty in conceiving and managing a geo-political strategy: they prefer instant-fix, problem-solving and novelty. Some of the gyrations in American foreign policy stem from the swings of electoral politics, but some from internal contradictions between their quasi-insular geography and their idealogical instinct for activism; between their historic affinity with Europe and the extreme political and practical difficulty of leading the Alliance from in front.

When the Russians were found to be breaking the ABM treaty with their Krasnoyarsk radar, the U.S. should have immediately announced an equal and opposite infraction of their own. When the Russians declared a nuclear test moratorium, the U.S. should have immediately followed suit.

In the spy case, the Russians played the Tit-for-Tat strategy absolutely consistently, whereas Mrs Thatcher did not. But who broke the rule that the first move must be cooperative? The Russians, by sending so many spies; or Mrs Thatcher, by expelling them?

The Evolution of Co-operation, Robert Axelrod, Basic Books.

Survival, July-August 1985, IISS, Tavistock Street, WC2.

Lombard

Taking PESC to the people

By Samuel Brittan

FORGIVE ANOTHER piece triggered off by the Social Democrat part of the Alliance which is likely to displease SDP enthusiasts by querying the party line and displease Tories because of the attention paid to their new rivals. It just so happens that the SDP has recently been throwing up material irresistible to an economic commentator.

I have just received—along with I don't know how many hundred thousand other voters —a letter from David Owen containing a policy questionnaire designed to keep SDP leaders in touch with majority opinion. I am asked whether I would be prepared to make a contribution to "support our efforts to make Britain a fairer society." In the case of a commentator, a critical and public contribution to discussion will surely be much more useful than a grubby independence-compromising cheque or banker's order. So here goes.

It is almost impossible to make a questionnaire of this kind unloaded; and the authors have not tried too hard. The underlying assumptions are still too Labour Party and pro-state sector in orientation and contain much too little of the social market economy.

One question asks whether, if higher taxation formed part of the programme to increase jobs I would be prepared to pay it. This is just as loaded as if a "supply-sider" insinuated that lower taxes were the key to more jobs and pointed towards public spending cuts to finance them.

If Dr Owen really wants to put a personally challenging question through the letter box he might ask next time: "Would you be prepared to forego a pay increase if this formed part of a programme to create more jobs without more inflation?" This makes some economic assumptions, but not as many as the other, and it might need to be elaborated further if it is to obtain honest replies.

But despite these and many other quibbles, the questionnaire does contain the germ of a good idea. A pie chart is provided showing the break-up of government spending into ten main sections, such as social security, defence, health, education and so on. A box is provided against each section where the *respondent can suggest an increase, a decrease, or* "no change."

One's first instinct is to say that a reasonable person should refuse to answer. It is not the size of social security payments, to take one category, which matters but how far they are successfully targeted on those that need them, and how far they simply pointlessly re-cycle large sums among the middle class *and better off wage earners.*

But then one recalls that these slices of the pie chart are the precise categories in which governments now arrange the "PESC" review of public expenditure. The ticking off of items in Dr Owen's questionnaire is no cruder than the horse trading that the Cabinet's new Chief Secretary, John McGregor, will encounter at the Cabinet's star chamber.

Even accepting the inevitable over-simplifications, the SDP public expenditure quiz is still not quite "there" yet. It is a reasonable bet that the sort of people who fill up such documents will want to add to several categories of public spending. But they are not asked to say how much they would add; and this means that they cannot be asked to add up all the increases they would like and to say, either where corresponding cuts should be made to pay for them, or alternatively, face up to the increase in taxes (which is much more relevant in relation to public spending than in the more elusive debate on "jobs").

Respondents could be helped *towards a sensible* reply by being reminded for instance that a 1 percentage point increase in the basic income tax rate would have an ultimate annual yield of £1.1bn or that a 1 per cent change in the VAT rate would yield over £800m.

Democracy is not the answer to all problems, and I would not dream of taking a majority vote on the appropriate size of the budget deficit, the existence of a jobs-inflation tradeoff or even whether violence and drug abuse is related to unemployment (a question which calls for research rather than value judgments). Yet for all the qualifications there is something to be said for "taking PESC to the people" and refining the process which Dr Owen has begun.

Letters to the Editor

An Alliance strategy

From Mr I. Wrigglesworth MP

Sir,—I would like to respond to Samuel Brittan's fair and perceptive review (Economic Viewpoint September 19) of the SDP/Liberal Alliance autumn statement and our simulation on the Treasury model. He is right to draw attention to the crucial role proposed for incomes strategy in ensuring that growth is real and that the demand boost is not frittered away by rising inflation.

In carrying out the simulations, we were deliberately cautious about the effectiveness of an incomes strategy in securing a better mix between output and inflation. We assumed that the increase in earnings would be contained in the first year of our fiscal expansion by holding the growth of nominal earnings 2 per cent below the base forecast in the first year, and by 1 per cent in the second year. Such an assumption provides for a modest growth in real earnings. Further progress in holding inflation below the 7½ per cent projected for 1987 would be dependent upon introducing the longer-term reforms in *wage* determination and wider share ownership, which, as Samuel Brittan correctly points out, are part of the agenda of a future Alliance Government, assumptions we felt were *inappropriate* to a *short-term* autumn statement. The experience of incomes policies, highly effective in the short-term but prone to unravel over a longer period, suggests that it is prudent for policy-makers to be cautious about how *rapidly changes* in the culture of collective bargaining towards greater industrial partnership can be brought about when simulating the effects of a short-term expansionary programme.

Samuel Brittan's alternative, holding nominal demand stable while tackling the "pricing-out-of-work" culture, does not belong to the practical world of policy making. As he admits, the arithmetic is more mechanistic than it can ever *be in* practice. If unemployment is to be reduced, then a real growth rate well beyond the projected 2 per cent underlying real GDP increase for 1985 will be *required*. The increase in demand we propose however is not, as Samuel Brittan suggests, motivated purely by a political commitment to "public expenditure increases and the rhetoric of infrastructure spending." Our balanced budgetary expansion is selective and targeted to achieve the most cost-effective mix of job creation programmes. Of the £5bn programme, roughly equal shares are *committed* to capital spending (principally on housebuilding and renovation), a 1 per cent cut in employers' national insurance contributions, a job guarantee to the long-term unemployed within an expanded community programme, an anti-poverty programme directed at working families in poverty and the long-term unemployed, and a boost to current spending directed at education and training for skills. Most econometric model simulations suggest that such measures will be more effective in creating jobs than increases in income tax allowances or cuts in the basic rate.

Of course, as Samuel Brittan points out, such an exercise depends crucially upon the assumptions fed in and the properties of the model itself. Earlier simulations run on a similar Alliance package on the London Business School macro-economic model in March gave both a better result on jobs and a higher inflation figure. Since then, most commentators have revised their inflation projections downwards and the latest Department of Employment estimates for new entrants to the labour force up to 1989 have become markedly more pessimistic. Thus, the scale of the task in dragging the economy out of the hole into which the Government has dug it will be immense. Yet even "playing away from home" on the Treasury model, the Alliance simulations show that a substantial fall in unemployment—of around half a million within two years — can be achieved at less of an inflationary price than many previously thought possible.

Ian Wrigglesworth.
House of Commons, SW1.

Unemployment in the OECD

From Professor D. Wood.

Sir,—The synopsis by James Symons (September 18) may not do justice to his full study but the claims that "In all cases we find that employment is strongly responsive to real wages. On average, a 1 per cent rise in real wages is *associated* with a 1 per cent fall in employment" are surprising. Over the period studied (1950-81) it is a matter of record that the real wage (and living standard) increases recorded by the UK were amongst the worst in the Organisation for Economic Co-operation and Development —yet we do not seem to be enjoying an employment boom.

Nor does the central argument explain more recent history. Japan has enjoyed a real wage increase of 21.3 per cent in the decade 1975-85, far higher than the UK, yet employment has risen by 12 per cent. The U.S. has enjoyed employment expansion of 22 per cent, around three times the rate of the total OECD although real wages in both cases hardly changed.

Obviously in any given country employment and real wages may co-vary at the margin. But our real problem is to get our trade-offs between real wage growth and employment growth to occur at levels similar to Japan, not to contain real wages to what is affordable on the assumption that the truly miserable performance of the UK economy will persist indefinitely.

(Professor) Douglas Wood,
Manchester Business School,
Booth Street West, Manchester.

Employment and wages

From Mr P. Meyer

Sir,—James Symons, (September 18) argues the dominance of the "real wage" in determining unemployment. His position is not as unique as he suggests, and is founded on a peculiar definition of the real wage.

Traditionally, real wages, to economists, have meant measures of the purchasing power of workers' earnings. The "real" is contrasted to nominal or monetary wage. Mr Symons coins the phrase "consumption wage" for this measure, and defines real wage as the real costs of labour to firms. Rewriting his argument in traditional cost terms, we derive the trivial result that, when the cost of one factor of production, labour, rises relative to others, the utilisation of that factor falls. Not surprising, but potentially misleading.

In fact, the interesting relationships with respect to wage rates regard their relationship to the behaviour of actual and potential workers, not the behaviour of firms. Moreover, *the significant causal links* flow not from unemployment to real wages, as his table suggests, but in the opposite direction. In theory, rising purchasing power (consumption wages) tends to attract new entrants into the labour force, and the number of potential workers grows. Such a labour response, at constant employment, will, in fact, result in more unemployment. The results he demonstrates *could, therefore, prevail with no* action by firms. A fall in purchasing power, by contrast, may not lead to fewer persons in the labour force: households attempting to maintain consumption standards may add another member to the labour force, or may pursue longer hours of work. In the process, unemployment may fail to decline while wages fall.

Mr Symons argues as if the total pool of people in the labour force is in no way responsive to wage rates and purchasing power. Given his assumption, his argument has some validity, showing correlation—simultaneous movements —in real wages and in unemployment due to changes in employment. The assumption is, however, false.

Moreover, his implication that this relationship is causal is unwarranted by his evidence. Simultaneous movements may be no more than simultaneous responses to a third causal change.

To accept Mr Symons' argument is to accept that the standard of living of workers—at all levels—will have to fall continuously as raw materials prices rise, unless we are willing to accept ever growing unemployment.

Peter B. Meyer,
(Associate Professor, Pennsylvania State University (USA) Visiting Associate, Centre for Employment Ininitatives), 140a Gloucester Mansions, Cambridge Circus, WC2.

An important currency

From Mr R. Thornton

Sir, — Bryan Cassidy's plea (September 18) for more companies involved in international trade to use Ecus as the basis of their transactions should not fall upon deaf ears. Old habits die hard and the British are notoriously conservative, particularly in financial matters, but anyone who has had an equivalent experience in international commerce and the financial markets will be aware of the potential benefit accruing from any expediency which will smooth out exchange rate fluctuations; and the Ecu is certainly not simply an expediency.

Leaving third world countries aside — and the benefits of EEC-associated contracts drawn up in Ecus with these countries are obvious — the practical advantages of the smoothing curve in relation to francs, pesetas and drachmas can be demonstrated by looking at the spreads of the past 30 days and comparing the Ecu rates of these currencies with the daily mean. The goodness-of-fit is *notable*.

As Mr Nicoll pointed out in his admirable article (September 14) the Ecu has already become the fifth most important currency in international financing.

R. Clifford Thornton,
610, Ashley Road, Parkstone, Poole, Dorset.

FINANCIAL TIMES
Monday September 23 1985

Terry Byland on Wall Street

Bankers for a recovery

BANK STOCKS, after heading the list of fund managers' favourites for nearly 12 months, have suddenly fallen from grace.

The selling bout has taken nearly 10 per cent off money-centre banks' shares against a fall of only 4.3 per cent on the Standard & Poor's 500 index. To a great extent, that represents profit-taking after the substantial rise in the stocks over the *preceding 18 months*. There *is also* increased concern over Latin American debt and regulatory proposals in the U.S.

There is also a danger, however, that investors are throwing out the baby with the bathwater, overemphasising the difficulties and forgetting the factors that boosted *bank stocks in the first place and* are still largely true.

The earnings outlook for banks is still considerably better than for the manufacturing sector and likely to become increasingly so as doubts over the pace of the U.S. economy grow stronger.

Despite the shakeout in the financial sector, most analysts are still bullish on bank earnings for the rest of this year. At Salomon Bros., Mr Thomas Hanley expects the banks to increase profits by about 12 per cent for fiscal 1985.

Profits should continue to benefit fro the activity in the foreign exchange and U.S. bond markets that boosted earnings in the first half. The prospects of another windfall benefit from falling short-term rates is less predictable. But Friday's disappointing "flash" estimate for third-quarter economic growth will strengthen the case for an easing in Federal Reserve policies.

Short-term rates are fast approaching the levels at which calls for a cut in the discount rate were last heard.

Industrial profits, however, are still headed for a pretty flat year, according to Wall Street. Merrill Lynch crunched the Standard & Poor's 400 and 500 stocks again last week, and saw modest profit gains in the second half of the year just about balancing out the downturn in the first half.

Against that backdrop, bank shares seem to have been oversold by investors underestimating the near-term outlook for the prices. Salomon Bros estimates that earnings *ratios on its 35-bank group are* now only around 62 per cent of the 11.5 times of the S&P 500 stocks. Some money-centre stocks are trading at barely 50 per cent of the S&P index P/E.

At the beginning of 1985, bank stocks were trading at 70 per cent of the S&P ratio, and it is not hard to see the money-centre banks returning to those levels, given the profits outlook.

It is a measure of the severity of *the shakeout in the banks that* prices for some money-centre banks would have to rise by about a third from their present levels to restore earnings ratios to their previous ratings.

Much will depend on the clouds still hanging over the national and domestic economies and thus over bank loans. Analysts *still* favouring bank stocks believe that the Latin American debt problems will continue to be "managed", even if the U.S. has to follow Canada's lead by requiring banks to establish specific loan-loss preserves against debts to less developed countries.

That might compel the banks to *raise sizeable amounts of new capital*, but it would also reduce a massive bear pressure on the stocks.

Further losses on domestic loans to the U.S. farming, energy and manufacturing sectors are likely this year. But banks have already taken the opportunity presented by the successful first half to improve loan-loss reserve ratios substantially. The farm loans mostly remained with the regional banks.

There are, in short, good reasons for buying shares for the short term. J.P. Morgan, Bankers Trust, Chase Manhattan, Citicorp and every other money-centre bank are trading on earnings ratios lower than for the past two years.

Flotation plan highlights recovery in property/casualty, writes **Paul Taylor**

Fireman's Fund set for debut

IT HAS been a long, hard and costly battle for American Express to knock Fireman's Fund into the sort of shape where the California-based property/casualty insurance group could be spun off to the public.

But when it finally happens later this autumn, the Fireman's Fund share sale is expected to be the largest initial public offering by a U.S. company ever, eclipsing the $658m Ford Motor issue in 1956. (Wall Street does not count British *Telecom's* mammoth $4.7bn offer last year).

Providing the U.S. Securities and Exchange Commission (SEC), which is still investigating certain transactions and accounting methods at Fireman's Fund, gives the green light, the offering will involve the sale of 32m shares expected to fetch between $24 and $27 each.

Of these, American Express will sell 24m, reducing its stake in the new public company to about 45 per cent and raising about $600m for the New York-based financial services giant in the process.

At the same time, the public offering will allow the new Fireman's *Fund to bolster its capital and capacity* – a looming shortage of which has already sent other major insurers scurrying back into the equity markets.

From a Wall Street perspective, the timing of Fireman's Fund's public stock debut is fortunate. Although the U.S. property/casualty insurance sector *is still deeply* scarred from its worst cyclical downturn in history, the tide has at last turned.

Buoyed by a shake-out in capacity and soaring reinsurance rates, U.S. property and casualty insurers have been aggressively pushing up policy prices. While the impact of more realistic pricing is only just beginning to feed to the bottom line – the Insurance Information Institute reports that the industry's consolidated net income increased by 99 per cent to $1.12bn – the message has not been lost on Wall Street.

U.S. property and casualty stocks began to take off more than a year ago and climbed steadily until recently. Between July 1984 and July 1985, Best's Property and Casualty index climbed by over 70 per cent from about 314 to over 543, while the Standard & Poor's 500 index increased by a much more modest 28 per cent. Even though property/casualty stocks have dipped in the last few weeks – largely seen on Wall Street as an inevitable temporary correction – all the major insurers are now selling at comfor*tably over book value.*

Indeed, most analysts, like Mr David Seifer of First Boston, view the current correction as a buying *opportunity*, even though few expect the pace of advance to continue. He said: "Doubt and scepticism surrounding the strength and longevity of the property/casualty earnings turnaround have replaced the earlier optimism." But he adds: "Many insurance companies are already recording earnings improvement, and much more is to come." At Fireman's Fund itself, now under a new management team led by Mr John Byrne, the former chief executive at Geico, the *picture, though still clouded* by under-reserving in the past, has begun to improve.

Excluding a further $187m addi*tion to reserves in the second quar*ter, Fireman's Fund's property and casualty operations managed to eke out a $16m profit. According to the offering prospectus, the group, which derives 72 per cent of its net premiums from commercial products and ranks as the seventh largest property and casualty company in the U.S. and the fourth largest commercial insurer, had net income of $14m in the two months to the end of August.

The numbers represent a modest beginning in the group's uphill climb back to profitability following $260m and $192m pre-tax losses in the previous two full years, a *struggle which the new company* will face without its profitable life insurance operations which have been sold back to American Express for $330m in cash.

Wall Street insurance analysts believe the Fireman's Fund is generally well prepared for life on its own without the American Express protective umbrella. Therefore they believe the public offering, which values the group at around $1.7bn, should be well received. "The price is reasonable and the timing is good," says *Mr W. David Anthony* of Smith Barney.

Fireman's Fund itself plans to sell 8m shares in the offering, a move that will raise around $190m and push total shareholders' equity in the new company up to $1.3bn and the group's adjusted statutory surplus to $1.12bn. As a result, the *company's ratio of net premiums* written to statutory surplus will fall to around 2.5 to 1 from 3.1 to 1 at the end of June – implying a greater capacity to write new business.

Such additional flexibility could prove crucial to the new public company since Wall Street analysts and others, predict a sharp capacity *shortfall as the cycle turns. Some*, like Mr Seifer of First Boston, believe that, even under reasonable assumptions, property casualty companies will be unable to write about $60bn of potentially available business over the next three years.

As it stands, a shortage of capital has become a serious problem for the industry *since* in many states property casualty companies are not allowed to exceed a premium to surplus ratio of 4 to 1 – meaning that companies will have to turn away new business just when it has become adequately priced.

This capacity squeeze, together with the favourable stock market *conditions, help explain why many* of the biggest U.S. property and casualty companies have finally returned to the equity and equity-related debt markets.

Among the insurance groups to tap the capital markets in recent months are *Aetna Life* and Casualty, Continental and General, which each raised more than $200m by issuing new common stock, and Chubb, St Paul Cos, and Travelers which all successfully floated new convertible preferred shares. Some groups are now returning to the markets for a second time this year.

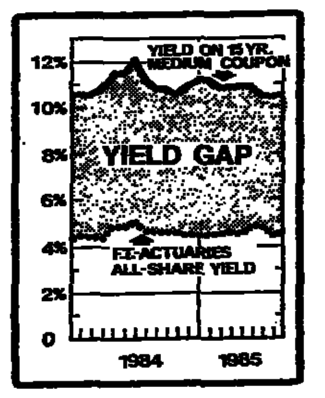
As Paine Webber noted in a recent industry review: "We view this as a positive trend because the industry will need significant additional capital to finance the cyclical growth it now faces ... we do not consider these financings as a sig*nal that the industry's positive pric*ing momentum will be slowing this year. Capacity is still flooding out of the business."

While there is little doubt on Wall Street that the industry as a whole still faces serious problems – and possibly more shocks – the flood of recent equity offerings by the ma*jors, and the expected pricing of* Fireman's Fund initial offering, suggest some degree of rehabilitation for the property and casualty sector.

THE LEX COLUMN

Garbled message in translation

Tucked away in the bottom of Fisons' interim statement last week was a note about currencies; antic*ipated foreign earnings have appar*ently been covered for the rest of the year, removing the danger of losses on translation into sterling. Fisons has bought put options on the dollar, some of which it has already exercised at a substantial profit, offsetting any translation losses on its overseas trading earnings. It seems a wonderful idea – *if* only more UK companies were like Fisons, sterling profits could progress steadily from year to year, calmly insulated from the vagaries *of the foreign exchange markets.*



It is not, however, quite that simple; and had the dollar moved the other way, the wrinkles would have begun *to show. In that case, foreign* earnings would have been flattered by their translation and the options would simply not have been used. But the cash used to pay for them would have been lost since the offsetting gain on translation is merely an accounting item. So far as cash is concerned, it should not matter to the unhedged business whether the dollar rises or falls; the same number of dollars are still retained by the American subsidiary for reinvestment. But cash payouts and accounting items are like apples and oranges here; one does not offset the other.

The hedging of profit is in sharp contrast with the more widely followed practice of hedging transaction exposures. A finance director makes a cash transaction now in order to insure against a potentially less favourable cash transaction in the future, maybe on export contracts or the remittance of dividends from overseas. The choice of hedging instrument – *options*, futures, or forward deals – is potentially controversial; locking into the wrong forward rate can be damaging to the reputation as well as to cash flow. But at least like is being matched with like.

That is not to say that it is wrong for companies to take a view on currencies. By hedging translation exposure, though, they are moving into new fields – essentially as bankers. Profits from the trading of goods and the trading of options should probably be segregated in the profit-and-loss account; by most criteria, the business of predicting exchange-rate movements deserves a p/e of not much more than 1.

Even when companies do forecast right and make money from their options, they can condemn themselves to playing the option game until currency movements go into reverse. If the dollar were to be even weaker next year, for instance, and Fisons decided not to hedge, the comparison between the two years' profits would be decidedly unflattering. Once on the treadmill, it takes a brave company to jump off.

Corporate treasurers should certainly be broad minded enough to give new financial techniques the occasional whirl, particularly where they produce a genuine reduction in risk. In the case of translation, however, the risk lies mainly in the possibility that an unhedged sterling profit figure will be misunderstood by the stock market. The most obvious and cheapest way to hedge that particular risk is to draw up accounts which clearly show the difference between translation effects and underlying performance. As it happens, the market's recent complaints against BAT and Cadbury – whose profits were savagely penalised by currency translation – looked straight through the currency problems to more fundamental trading disappointments.

UK equities

The silly season in the equity market is frequently longer than in Fleet Street, but summer excesses are generally washed away by early September's flood of half-year profit figures. Given the reappearance in quantity of up-to-date corporate information, the market's habit is to settle down with renewed seriousness and re-compute the odds for the full year. This time, the change of mood seems to have been deferred, at least until the distractions of takeover activity subside.

Those distractions played a crucial part in bringing the market back to the boil after its spring shakeout, and the continuing stream of actual or potential cash takeovers has managed to keep equities *simmering* since the FT All Share index peaked three weeks ago. A glance at sectors which have broken into new ground in the last month shows this plainly enough: the stores and construction *stocks* are discounting a good trading background, but the brewers, newspaper publishers and textile groups are as clearly enjoying the glow of hot money.

It will be remarkable indeed if New York arbitrageurs really have sniffed out a serious interest in Courtaulds – *so often the butt of ru*mours which quickly lose their crease; still more remarkable if the Australian attempt on Allied Lyons actually comes to a conclusion. However hard merchant banks scour the City of London to drum up potential bidders, and despite the rising amounts of bank finance *available to the ambitious*, there is every chance that the merry-go-round may suddenly stop.

Fortunately, it should not be necessary to come down with too much of a bump. Estimates of aggregate profits have at last begun to respond to the less bullish influences; the example of the electronics sec*tor has helped to stop* research departments from making too liberal a use of straight-line forecasting, and a temporary rise in the effective tax rate is making for additional caution at the *level* of earnings. Neither earnings nor dividends will grow as fast as in 1984.

Though earnings estimates have *been falling backward, to compen*sate for the more innocent views expressed at the start of the year, there is still a chance that the overall figures could increase by a little over 10 per cent – assuming that there is no further reversal of the sterling devaluation which made life so easy last year; yet tales of prosperity at *home* are being compromised over and over by misery abroad, even if only misery in translation. And although a noticeable slowing of profits growth is not the thing to sustain a market, its effect can be mitigated by a faster increase in dividends. It is no accident that the payout ratio is now rising for the first time in three years.

TRW will take $170m charge as part of major reorganisation

BY TERRY DODSWORTH IN NEW YORK

TRW, THE diversified U.S. industrial group, is to take a $170m after-tax charge in the third quarter as part of a sweeping reorganisation aimed at increased emphasis on its electronics, defence and automotive businesses.

The charge, equivalent to $4.47 a share, will have a serious impact on TRW's earnings this year, and is likely to lead to losses in the second *half after a $132m net profit in the* first six months.

Exclusive of the special reserve, the company says that third-quar*ter earnings should amount to* between $1.40 and $1.65 a share, against $2.04 a share last year, while fourth-quarter net income should be around the $1.55 a share registered in 1984.

The reorganisation programme will involve the disbanding of the Cleveland-based company's industrial and energy *divisions*, along with the divestment of its operations in tools, bearings and aircraft components. *Motor* industry-related fastener activities are being transferred to the automotive division of the group, while the future of the energy group is to be "evaluated."

The company said it also intended to make acquisitions to strengthen its position in the activities that remained, while streamlining organisational structure and reducing overhead costs.

"These actions are evidence of our continued commitment to increasing shareholder value by concentrating our resources on our most promising businesses," said Dr Ruben Mettler, chairman and chief executive.

Dr Mettler, who has steered TRW increasingly towards high-technology sectors in recent years, said that the group had registered a strong performance in "leading-edge technologies for use in space, defence and information systems," as well as establishing a strong position as a supplier to the worldwide motor industry.

TRW is combining the reorganisation of the company with a hefty share buyback programme that might retire up to 22 per cent of its equity, or 8m of its outstanding common shares.

In an unusual variation on normal buyback procedures, the company is inviting shareholders to tender their shares at any price they choose between $80 and $88. It will then select a purchase price and acquire at least 5m shares at prices tendered at or below it.

Share buybacks have become increasingly popular over the last year or so in the U.S., and have often been launched in an effort to fend off unwelcome takeover approaches by reducing cash holdings, increasing debt and lifting the share price of companies under the threat of takeover.

TRW, however, has not been the subject of significant takeover speculation, and Dr Mettler said the decision to repurchase was "based on management's belief that TRW's common stock represents an attractive investment for the company at current market prices, given the prospects for our businesses." Funding for the repurchase would come from existing cash and short-term credit.

The company gave no explanation for the size of the charge, although it said it might prove to be a "conservative" sum once the market for the activities being divested had been tested. The businesses being put on the market, which had sales of $700m last year and assets of $475m, were all profitable, TRW said.

Tehran in threat to shut Strait of Hormuz

By Roger Matthews in London

IRAN threatened yesterday to shut the Strait of Hormuz at the mouth of the Gulf if Iraq persisted in attacking its oil-exporting facilities.

The Gulf war enters its sixth year *this month and Iraq has been press*ing home its attacks on Kharg Island, Iran's main oil-export terminal, with greater persistence than before.

The raid last Friday is believed to have been Iraq's most effective, hitting a tanker and causing significant damage to one of the jetties.

Iran was clearly stung by the attack, and President Ali Khamenie said yesterday that not only would Hormuz be closed but there would also be attacks deep inside Iraqi territory.

The threat to Hormuz is one which Iran has made several times during the war and to which the U.S. has responded with a pledge to maintain freedom of navigation.

Washington is deeply sceptical of Iran's military ability to maintain a *blockade of Hormuz, but it is* accepted that air attacks and consequent increases in insurance rates could temporarily deter ships' captains from taking their vessels into the Gulf.

During the past few months Iranian warships have been stopping and searching vessels passing *through the Strait, saying they* are looking for war supplies destined for Iraq.

The commander of the Iranian Navy said yesterday 42 ships had *been stopped and searched* during the past few days. He said some consignments had been confiscated.

Captain Mohammed Hussein Malekzadegan added that Iran had no wish to endanger the safety of the area, "but if the Persian Gulf cannot be used by us then it will not be used by any other country."

An attempt to shut the Strait would be a desperate effort by Iran because, without oil exports, its own economy and war effort would quickly grind to a halt.

Indian Airlines puts order with Airbus

Continued from Page 1

the Airbus regional sales manager, last night denied that, insisting that "the figures are in the high thirty millions of *dollars for* each aircraft and the last to be delivered in 1990 are over $40m".

The generally quoted figures are about $37m for each Airbus at 1988 prices.

The order, contained in a letter of intent handed to Mr Jayaratnam in New Delhi on Saturday, is for 19 aircraft to be delivered in 1989 and an option on 12 more in 1990. A dozen older *aircraft* are being provided free on lease by Airbus to tide Indian Airlines over the next three years, starting with two Boeing 737-200s to be provided immediately.

McMahon quits central bank to join Midland

Continued from Page 1

That he chose to go with Midland suggests *that at 58 he still* relishes a challenge. The question, though, is whether his abilities run to managing a clearing bank, one of the few things he has never done.

There are precedents. Sir Jeremy Morse left the Bank of England to become chairman of Lloyds Bank. But it appears that Mr McMahon is destined to play a much more "hands-on" role at Midland, where the deep wounds inflicted by the Crocker National Bank disaster will need careful tending for years yet.

Sir Donald Barron, the current chairman, who is due to retire in 1987, said yesterday that "there is no such thing as an executive chairman any more."

Mr McMahon's involvement in Midland's management is likely to be enlarged by the simultaneous departure of *Mr* Geoffrey Taylor, the group chief executive, who will reach the mandatory retirement age of 60 in 1987, just as Mr McMahon takes over. The power structure at the top of Midland is likely, therefore, to resemble that at Barclays, where Sir Timothy Bevan is both chairman and chief executive.

Regardless of how good a banking executive Mr McMahon turns out to be, though, his arrival in *Poultry (his new office will be bare*ly 100 yards from his present one) will restore much-needed prestige to Midland and bring it a wealth of business contacts.

World Weather

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Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

U.S. calls Group of Five meeting

Continued from Page 1

rounding the Group of Five meeting was designed to demonstrate to the developing world ahead of next month's IMF and World Bank meetings that the industrial countries were sensitive to the serious difficulties they faced.

In calling the meeting, Mr Baker, *was also perceived to be seeking to* impress on Washington the dangers inherent in the mounting protectionist pressures in Congress and the continuing budget impasse.

However, some monetary officials were suggesting that the Group of Five's ministers would not announce important new initiatives *after their meeting.*

The obstacles in the way of the fundamental changes in U.S. budget policy that would have to be part of any dramatic changes in policy remain immense.

There are signs that within parts of the Reagan Administration there is deepening concern about the in*ternational debt crisis.*

That has been accentuated by the mounting economic problems and the catastrophic earthquake in Mexico, America's strategically vital neighbour. Key policymakers in the U.S. and the rest of the industrial world are becoming convinced that their strategy for handling the *international* debt situation will have to be modified, one monetary official remarked.

The strategy called for renewed voluntary commercial bank lending to developing countries and a rolling back of protectionism, neither of which is happening. The IMF, moreover, is forecasting slower *growth in developing countries next* year.

Proposals put by the U.S. Treasury to the IMF and the World Bank last week suggest that the U.S. Treasury is moving towards a shift in policy that would give the World Bank a bigger role in helping to resolve the debt of developing countries.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday September 23 1985

EURONOTES AND CREDITS

Borrowers still wary of Euroyen loans

BY PETER MONTAGNON IN LONDON

FOR a moment last week it looked as though the ill-fated Euroyen credit market was about to leap out of the doldrums. With enormous fanfare, Bank of Tokyo and Citicorp announced a Y50bn credit for Thailand that was certain from the point of launch to be increased, possibly to as much as Y75bn.

This would be a success big enough to wipe away the still-lingering shame of Sweden's abortive attempt to raise Y100bn as soon as the market opened in April. With the Thai credit under its belt the market could look for a fresh start and more and more business would come rolling in.

Or so it seemed. In fact, things are never quite what they appear. And though many bankers are expecting a modest but steady growth in Euroyen business, there is still no sign that Thailand's success will convince many other potential borrowers to abandon their principal worry. This is that borrowing yen may become expensive if the currency starts to appreciate.

Indeed, the fact that Thailand was able to use what can only politely be called very tough bargaining tactics to whittle the terms down to a level that left even some hardened Japanese bankers gasping shows how far this is still a borrowers' market. The credit bears an *initial margin* of ⅛ over *Libor* for two years, rising to 3/16 for the next eight. This compares with a proposed flat ⅛ per cent margin on Sweden's abortive loan.

What does seem to be happening is that the availability of Euroyen deposits in the interbank market is gradually increasing, making Euroyen credits easier to fund and therefore even more attractive to lenders. That may lead them to drum up more business over the next weeks and months, but it will be principally in the area of refinancing existing yen credits in the more expensive domestic market.

Likely candidates include Spanish motorway companies, and some bankers believe that even Spain itself or a leading state agency could seek a yen financing soon. But the market will only have passed its real test when it can attract a steady flow of fresh business not associated with refinancing.

That statement, sadly, could still apply to other sectors, too. The shortage of good quality business elsewhere was amply demonstrated by the way in which banks flocked into two operations last week. Caisse Nationale des Telecommunications' $380m facility led by Morgan Guaranty has been increased to $500m after total subscriptions soared to nearly $750m. Also increased to $340m from $200m is Orion Royal's plain vanilla revolving credit for Household Finance.

Expectations of a growing recourse by borrowers to the Eurocommercial paper, rather than Euronote facility market, also continue to be fulfilled. Last week's new deals included a $200m programme for Sweden's Gotabanken through Citicorp, Gota (UK) and Swiss Bank Corporation.

The Australian Wheat Board has rounded off its 1985 European borrowing programme with a DM 300m, two-year revolving credit facility led by Commerzbank. The deal marks a further diversification in the wheat board's borrowing programme and is structured in a way that allows it to get round its constitutional inability to raise medium-term funds. Each drawing under the revolving credit has a maximum life of six months.

Another Australian borrower, Eraring Power Company, is refinancing at lower cost a $1.25bn credit arranged in 1982. The final maturity of 1997 has been left unchanged, but in exchange for a 10 basis point renegotiation fee banks are being asked to cut the margin to ⅜ per cent. Originally the credit bore interest at a margin of ½ per cent initially rising in stages to ¾ points.

INTERNATIONAL BONDS

UK $2.5bn floater wins praise

BY MAGGIE URRY IN LONDON

EUROBOND investors finally got the chance to buy UK government paper last week, and not just floating rate notes but gilt-edged backed zeros too. The $2.5bn floater was undoubtedly the deal of the week, closing on Friday just below 99.80.

Praise for the issue abounded – *its size, its liquidity, its pricing* were all considered good. So were the profits banks in the deal could make. Fees totalled 60 basis points and after the lead managers S.G. Warburg and Credit Suisse First Boston (the book-runner) had taken their 8 basis point praecipuum, co-managers owned the bonds at 99.48.

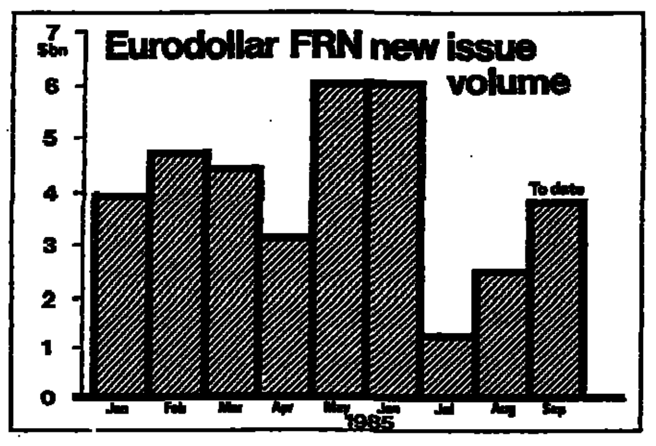
So could the issue have come on even finer terms? The borrower was keen that the issue should be a success and not need support. Pricing a deal of this size is tricky, and the Government was prepared to pay a little more rather than risk a flop. It seems the Bank of England was anxious that the bonds be well distributed to firm holders – a delicacy towards investors not often displayed by much more frequent borrowers.

With hindsight it is clear that the UK could have shaved a bit off the fees. The market has been starved of good sovereign borrowers lately and margins have tightened. Demand for the paper came from all over and despite the size of the deal it was moving almost too fast.

Had the mandate been opened to competitive bidding rival banks, who last week made no effort to conceal their jealousy, would surely have offered finer terms as well as their eye teeth to get the deal.

Winning the mandate is a tremendous coup for CSFB, which must now be unassailable at the top of the 1985 league tables even if it does not win another mandate this year. The question is what on earth CSFB does for an encore. "It makes me sick," was the response from many rivals.

The UK is unlikely to become a regular Euromarket borrower, however, and syndicate managers are looking to other sovereigns to come back into the market again this autumn. Perhaps Sweden will return now that the elections are out of the way.



The herd of "zebras" which Warburg let loose in the market are also in essence UK paper. Warburg added sophistication to the basic gilt-stripping idea which Quadrex Securities failed to sell last month to produce a package of stripey strips it felt would meet a better reception.

Four gilts were bought, meaning that four redemption amounts could be sold as fairly sizeable zeros ranging from a face value of £30.7m to £45m. Seven of the coupons, which are all paid in the same months of the year, are also being sold as zeros.

While Quadrex had trouble selling the coupons, Warburg, with some pre-placement and by pooling the sales effort, had sold a majority of these bonds by the weekend. The longest of the principals had also gone, though the other three were trading at levels offering little profit to co-managers. Traders regarded the paper as somewhat expensive, but Warburg has rather more clout in the market than Quadrex, and seems to be taking less in up-front fees.

Away from those excitements, the Eurobond market is still worrying about the U.S. economy and the dollar. The GNP figure was lower than most expectations – a good thing in a bond dealer's scheme of things – but after an initial spurt profit-taking and disbelief set in. No one places much reliance on a "flash" figure. By the weekend the dollar was looking weak once more, giving retail investors another good excuse not to buy bonds.

The week's fixed-rate dollar issues were a mixed bag, though the British Columbia issue surprised bankers by *striking a pocket of demand*. The EIB and the World Bank's deals generally get done, while those for Ford and Danish Export Finance, the latter launched on Friday afternoon, looked tightish.

In the floater sector, other deals paled besides the UK's. Competitive bidding gave Ireland and Chemical Bank tight terms, though Ireland's was holding up better thanks to the lead manager. CSFB's other floater was also succeeding.

Another Eurosterling floater could emerge this week, but not for a building society. Abbey National's issue gives the market plenty of paper on top of the Halifax and Nationwide deals.

EUROMARKET TURNOVER
Turnover ($m)

	Straights	Conv	FRN	Other
Primary Market				
U.S.$	1,414.4	2,255.8	2,373.2	186.8
Prev	2,519.3	3.3	547.3	140.9
Other	643.4	0.0	1.8	41.5
Prev	993.5	–	1.8	11.8
Secondary Market				
U.S.$	14,685.2	2,963.6	13,326.1	1,346.4
Prev	12,374.9	723.9	11,535.4	2,136.2
Other	3,003.6	55.6	586.2	1,724.8
Prev	3,189.1	43.4	775.4	1,354.6

	Cedel	Euroclear	Total
U.S.$	11,210.3	25,106.7	36,317.0
Prev	10,008.5	20,271.8	30,280.3
Other	3,240.6	2,828.3	6,068.9
Prev	3,800.8	2,578.8	6,379.6

Week to September 19 1985 Source: AIBD

The betting for this week is on non-dollar issues. The Australian dollar sector has seen no Eurobond deals for a fortnight – some kind of record this summer – excluding the Victoria issue in the Tokyo market. The success of any issues will depend heavily on the name and the coupon.

The European currency unit market has recovered somewhat over the last week, with a fairly low level of fixed-rate issues. The World Bank's *expected deal did* not appear, though it could turn up this week. The Ecu sector would no doubt like more deals like CIR's convertible which was trading around 101¾ on Friday afternoon. The company has controlling stakes in Olivetti, Buitoni, Euromobiliare and other Italian companies.

Morgan Guaranty's coup of the week was winning the World Bank Swiss franc zero coupon mandate. SBC had got in first with its zero for Commonwealth Bank of Australia, but the World Bank deal will be the real test of the market and of the big Swiss banks' response to outsiders winning mandates. Otherwise the Swiss and D-Mark markets were quiet last week, encouraged a little by the stronger New York market and the weaker dollar.

Allen Paulson takes over at troubled Wheeling-Pittsburgh

BY PAUL TAYLOR IN NEW YORK

MR ALLEN PAULSON, Wheeling-Pittsburgh's largest shareholder, has taken over the chairmanship of the embattled U.S. steel group in the wake of the resignation of Mr Dennis Carney, the previous chairman and chief executive, on Friday.

Mr Paulson, chairman of Gulf Aerospace, which was recently taken over by Chrysler, is now in a position to name a new board and management in an attempt to rescue the group, which filed under Chapter 11 of the U.S. bankruptcy code in April. All Mr Carney's fellow-directors, excepting Mr Paulson, had also resigned last week.

As expected, Mr Paulson has named Mr George Ferris, a former vice-president of Ford Motor with responsibility for its Rouge steel plant in Michigan, as vice-chairman and chief executive at Wheeling.

Wheeling-Pittsburgh's boardroom upheaval comes almost nine weeks after the group's 8,200 steelworkers went on strike in response to a company attempt unilaterally to impose wage cuts. Mr Carney's departure is seen as increasing the prospect of new talks with the United Steelworkers' union.

Mr Carney's resignation comes after months of mounting tension between him and Mr Paulson, who owns a 34 per cent stake in the company. Last month, Nisshin Steel's chairman, Mr Yuzuru Abe, resigned from the Wheeling-Pittsburgh board in a move that signalled growing discontent among the company's directors and increasing concern about Wheeling-Pittsburgh's future. Nisshin owns a 10 per cent stake in the company.

Mr Paulson, whose shareholding has declined in value from around $50m to some $13m, is known to have become increasingly disenchanted with the steel company's management and particularly with Mr Carney, a former U.S. Steel executive.

● Nippon Steel, the world's largest steelmaker, is negotiating with Inland Steel, the fourth largest U.S. steel group, to establish a joint venture to produce steel plate in the U.S., **Yoko Shibata reports from Tokyo.**

Under the plan, the two steelmakers will set up a joint venture to construct plant to manufacture cold rolled steel plates with an annual capacity of 1m tons in the U.S. Midwest.

If the deal goes through, it would be Nippon Steel's first foothold in the U.S.

Self-regulation move

BY OUR EUROMARKETS STAFF

THE International Primary Market Association, which represents the 45 main issuing houses in the Eurobond market, has decided to join a new self-regulatory organisation covering all aspects of the international securities markets. All firms involved in investment in the UK are preparing for self-regulation under the new investor protection legislation.

The decision, made at a meeting on Friday, follows the Association of International Bond Dealers' agreement to recommend its members to join the new SRO.

The AIBD and IPMA are now leading discussions among firms in London who deal in international securities – including equities and money market instruments as well as Eurobonds – intended to find a consensus for the setting up of the SRO.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Sanlam to take full control of KTG

BY JIM JONES IN JOHANNESBURG

SANLAM, South Africa's second largest insurance group, is to refinance and simultaneously acquire majority and management control of the troubled Kirsh Trading Group. KTG controls Checkers, which is South Africa's largest supermarket chain and which contributes over two-thirds of the group's R3.5bn ($1.34bn) annual turnover.

Checkers has generated undisclosed but rising operating losses since it was acquired by KTG almost five years ago. The losses were, however, supported by profits from other KTG subsidiaries such as Russells, which retails furniture, Metcash, a cash-and-carry wholesaler, and Dion, a discount retailer.

The group's financial difficulties have increased considerably in the past year as sales and profits of previously profitable furniture and discount retailing subsidiaries have been affected by austerity measures introduced in July and August 1984. Problems were also aggravated by an "over-optimistic" development programme undertaken by Checkers in the past few years.

Details of the refinancing and control change have yet to be disclosed. However the intention is that KTG, which is the direct holder of the group's trading operations, will raise R175m through issues of compulsorily convertible 7 per cent preference shares or compulsorily convertible 13 per cent debentures both at a price of R1.50 each.

Metro Corporation, which owns 58 per cent of KTG, and Kimet, which owns 50 per cent of Metro, will each raise additional capital to participate in the KTG issues. Kimet is 51 per cent-owned by the unquoted Sanki which, in turn, is at present 49.9 per cent owned by Sanlam and 50.1 per cent by Kirsh Industries (KI).

Though Sanki will take up its rights in Kimet, the funds will be provided entirely by Sanlam. As a result of this and a simultaneous transfer of all Sanki's non-South African interests to KI, complete ownership of Sanki will pass to Sanlam. KI is an unquoted holding company controlled by Mr Nathan Kirsh, the group's chairman. Mr Kirsh will relinquish the chairmanship, which will pass to Mr Marinus Daling, the chief executive of Sankorp, Sanlam's wholly-owned strategic investment company.

KTG's new capital will be used to reduce the approximately R400m debt burden of the group's operating subsidiaries and thereby reduce overall gearing from about 170 per cent to about 30 per cent. Sanlam has not said when it expects KTG to return to profits.

Since the start of this year Sanlam has been obliged to provide considerable financial support to troubled subsidiaries. Three months ago it refinanced and took full control from Messina of the Nissan Motor Assembly Company. This followed hard on the heels of the provision of additional capital to mining house Gencor, which is controlled by Sanlam and which itself had to refinance several subsidiaries which had notched up considerable foreign exchange and trading losses.

Hanson alleges conspiracy by SCM

By Our New York Staff

THE NEW YORK Appeals Court is due to begin a hearing today on an appeal by Hanson Trust of the UK aimed at preventing the continued frustration of its bid for SCM, the U.S. conglomerate.

On Friday, Hanson, which has become enmeshed in litigation over its bid, hit back in the courtrooms with a suit alleging conspiracy on the part of SCM's management and directors.

Hansen claimed that the conspiracy was aimed at preventing anyone, apart from the group of management and directors, from obtaining control of the company.

It added that large payments to Merrill Lynch, the U.S. investment bank which is backing a management buy-out of SCM, as well as agreements to sell two key businesses to Merrill at "bargain prices," were entered into in "furtherance of this improper scheme."

Meanwhile the U.S. Securities and Exchange Commission has filed a legal brief with the Appeals Court, giving support for a continuation of the temporary order restraining Hanson from buying more of SCM's shares.

In its action, announced on Friday, Hanson is asking the court to prevent the completion of the management-Merrill Lynch proposal to acquire SCM.

Canadian insurance merger

By Robert Gibbens in Montreal

TWO MAJOR financial services groups, Laurentian Group of Quebec City and Power Corporation of Canada, based in Montreal are co-operating for the first time in the property and casualty insurance field.

Laurentian General Insurance, a subsidiary of Laurentian Group, will merge its Personal Insurance Company of Canada of Toronto, with Gold Circle Insurance of Toronto, a subsidiary of Great-West Life Assurance of Winnipeg which in turn is a major unit of Power Corporation.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Marubeni ¶‡	75	1992	7	7⅜	100	Yamaichi Int. (Eur)	7.375
Swiss Volksbank ¶‡	75	1990	5	6½	101	UBS (Secs.)	6.261
United Kingdom †‡	2½bn	1992	7	(F)	100	CSFB	–
Mitsubishi Trust Fin. ‡	100	1995	10	10½	99¾	Merrill Lynch	10.542
Mitsui Finance Asia ‡	100	1990	5	10¼	100⅞	Mitsui Finance Int.	10.019
EIB ‡	150	1992	7	10¼	100⅛	UBS (Secs.)	10.224
Elkem ‡	50	1992	7	10½	100	Commerzbank	10.500
Oest. Postsparkasse ‡	75	1990	5	10	100⅛	Orion Royal Bank	9.967
World Bank (g)‡	200	2000	15	10⅝	100	Morgan Stanley	10.625
Ireland †‡	300	2000	15	(b)	100.10	Merrill Lynch	–
Chemical New York (a)†‡	250	1997	12	1/16	100	Salomon Brothers	–
Brit. Columbia M.F.A. ‡	50	2000	15	11¼	100	CCF	11.250
Ford Motor Credit ‡	100	1996	10	11	100	Goldman Sachs	11.000
Great American F.S.B. (d)†‡	100	1992	7	⅛	100	CSFB	–
N.S. Wales Treasury ‡	100	1992	7	10¾	100⅜	Yamaichi Secs.	10.287
Bank Leumi (UK) (e)†‡	10	–	–	½	100	Bank Leumi (Switz)	–
Danish Export Fin. ‡	100	1995	10	10⅝	99⅞	Chase Manhattan	10.646
Lands Virkjun (d)†‡	60	2000	15	⅛	100	Man. Hanover	–
CANADIAN DOLLARS							
Ville de Laval ‡	50	1995	10	11⅜	100	Orion Royal Bank	11.375
ECUs							
Credit National (a)†‡	175	1995	10	1/16	100.05	Banque Paribas	–
SNCI	40	1995	10	9	*	Banque Int. à Lux.	*
Landesbank Rheinland ‡	20	1992	7	9	100½	Banque Gen. de Lux.	8.901
Cir Int. §	75	1995	10	(5–5½)	100	CSFB	*
Ireland ‡	50	1995	10	8⅞	100	Banque Paribas	8.875
GUILDERS							
IADB ‡	200	1995	8	7¼	99¾	ABN	7.292
Westland-Utrecht **‡	75	1990	5	7	100	Amro	7.000
SWISS FRANCS							
Maidensha Electric ¶‡	60	1990	–	2⅞	100	Banca del Gottardo	2.875
Oberoest'reiche Kraft ‡	100	1997	–	5⅜	99¾	Crédit Suisse	5.404
Portugal ‡	100	1995	–	6	100¼	UBS	5.966
Korea Dev. Bank	70	1993	–	(6)	*	SBC	*
Goodyear Tire and Rubber ‡	234	2000	–	5⅜	100¼	UBS	5.350
Fuji Kako Co. Ltd. **‡	10	1990	–	5⅜	100	Handelsbank	3.375
ANR Pipeline ‡	125	1995	–	6	100¼	Royal Bk. of Canada	5.966
Commonwealth Bk. of Aust. **‡	70	1992	–	0	70.6	SBC	5.10
Naganogumi **‡	10	1990	–	5⅝	100	UBS	5.625
World Bank ‡	600	2015	–	0	10.69	Morgan Guaranty	5.75
D-MARKS							
Council of Europe ‡	150	1995	10	6⅝	100	BHF Bank	6.625
World Bank ‡	800	1995	10	6½	100	Deutsche Bank	6.500
Superfos ‡	150	1995	10	7	100	Commerzbank	7.000
Oest. Elektriz. ‡	150	1995	10	6½	100	BHF Bank	6.500
DANISH CROWNS							
Nordic Inv. Bank ‡	250	1993	8	10¼	100	Den Danske Bank	10.250
Forsmark ‡	250	1990	5	10¼	100½	Svenska Int.	10.118
FRENCH FRANCS							
EdF ‡	500	1990	5	11⅛	100	Crédit Lyonnais	11.125
STERLING							
Zebras (11 issues) ‡	183.24	1986–96	–	0	–	S.G. Warburg	–
Abbey National (a)(c)†‡	150	2000	15	1/16	100	Samuel Montagu	–
AUSTRALIAN DOLLARS							
Victorian Public Auth. ‡	60	1992	7	13⅝	99⅞	Daiwa Secs.	13.654

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. (a) 1/16 over 3m Libor. (b) Mismatch higher of 1m Libor or 6m Limean. (c) £100 m tap. (d) ⅛ over 6m Libor. (e) ½ over 6m Libor. (f) 3m Libid. (g) Part paid.
Note: Yields are calculated on AIBD basis.

Texas Air bids for Frontier Airlines

By Our New York Staff

TEXAS AIR, the U.S. airline which recently lost a takeover battle for TWA, has bounced back to make a $250m offer for Frontier Airlines, a Denver-based carrier which is currently being acquired by a worker co-operative.

The bid is seen as a move by Mr Frank Lorenzo, the hard-driving chairman of Texas Air and Continental Airlines, its main operating subsidiary, to strengthen the base of his discount fare operations in the Denver area.

Frontier operates out of Denver, and Continental also has a large-scale interest in the arer. A combination of the two companies would put considerable pressure on United Airlines, the largest U.S. carrier, which also runs a main hub in Denver for its operations.

Texas is offering $20 a share for Frontier against the $17 being offered by the employee buy-ou; group. Under the buy-out plan, unions in the company are committed to acquiring 80 per cent of the stock, with the other 20 per cent going to management.

The employee plan still requires shareholder approval, although it has met the agreement of Gencorp, the largest individual stockholder

Snia set for improved earnings this year

BY ALAN FRIEDMAN IN MILAN

SNIA BPD, the Italian fibres, chemicals and munitions group, made a L183.1bn ($94m) operating profit in the first half of this year, equivalent to a margin of 16 per cent on total turnover. First-half sales were up by 7.3 per cent to L1,156bn. The company publishes its net profits only with its full-year results.

Snia, which is 27 per cent owned by Fiat and 14.97 per cent by Mediobanca, the Milan-based merchant bank, said its turnover from defence and space activities was slightly lower in the first six months of the year, but is expected to increase in the closing months of 1985. Last year defence and space had accounted for 30 per cent of the group's total revenues of L2,092bn.

Snia's fibres, chemicals and textiles businesses, which last year represented 34 per cent, 14 per cent and 18 per cent of group turnover respectively, all expanded their sales in the first half of this year.

The group, which is chaired by Sig Cesare Romiti (who is also Fiat's group managing director), says its 1985 full-year results will show an improvement on last year, when group net profits came to L50.8bn.

French Esso falls into loss

ESSO SAF, the French subsidiary of Exxon of the U.S., has plunged to a loss of FFr 63m ($7.1m) in 1985 compared with net income of FFr 133m a year earlier, AP-DJ reports.

The company said that after excluding dividends received from Esso Rep, its exploration and production unit, and after eliminating the effect of inventory valuation, its refining and distribution activities incurred an operating loss of FFr 530m, up from FFr 330m in the first half of 1984.

The Exxon unit said its losses, which were concentrated in the first quarter of this year, were due partly to government controls on the price of domestic heating oil and partly to the price war

Apple forecast pleases Wall St.

BY OUR FINANCIAL STAFF

APPLE COMPUTER, the California-based personal computer company which last week parted company with Mr Steve Jobs, its chairman and one of its founders, has surprised Wall Street with a better than expected profits forecast.

The Cupertino company said it expects net income for its fourth quarter ending September 30 to be between $12m and $15.2m, or between 20 cents and 25 cents a share.

While this is down sharply on net income of $30.8m or 50 cents a share in the fourth quarter ended September 1984, most computer analysts had estimated that Apple would either break even or at the most earn about 10 cents a share in the current quarter.

Revenue for the quarter is expected by the company to be between $390m and $405m. Analysts had estimated the figure would be between $350m and $375m.

Apple said sales of personal computers to the education market, primarily grade schools and high schools, had been strong in recent weeks.

In addition, "we've seen some really good results from the reorganisation," said Mr David J. Barram, chief financial officer.

INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

GNP data prompt late rally in bond prices

U.S. BOND PRICES rose modestly last week while most short-term interest rates dropped sharply, mainly in response to further signals of economic lethargy which imply a continuing accommodative posture by the Federal Reserve Board.

For the fourth consecutive week, economic news released early Friday — this time the "flash" estimate of real GNP growth in the third quarter—prompted a bond market rally reversing earlier price weakness.

In fact there were strong indications that the flash GNP figure had been leaked on Thursday afternoon when bond prices began to move higher.

The government's flash indicator showed a slower than expected real 2.8 per cent annual growth rate in the third quarter, together with a further downward revision in second-quarter growth to 1.9 per cent.

The flash estimate, while notoriously unreliable, appears to help rule out any early sharp rebound in U.S. economic activity, and cast further serious doubts over the administration's highly optimistic predictions that the economy will grow at an annual rate of 5 per cent in the second half. Indeed the flash figure, and other key factors, highlight the vulnerability of the economy, particularly because of the danger that personal consumption, fuelled increasingly by borrowings rather than higher wages, could finally run out of steam.

But the GNP data has not resolved the debate on Wall Street and among senior economists about the current state of the economy, although it has encouraged a further shading back in most growth forecasts.

Dr Henry Kaufman of Salomon Brothers notes, "although this is a highly preliminary estimate of economic activity, the available data do not indicate that the economy is staging a strong resurgence." Meanwhile the projected 2.9 per cent rise in the fixed-weight price deflator—the smallest quarterly increase since 1972—suggests that inflation remains subdued. Against this backdrop most Wall Street economists expect the Fed to hold steady. Some earlier market concerns about a possible firming, and a resulting increase in interest rates, have all but disappeared—but, conversely, few senior economists are willing to predict any Fed easing.

"The flash does not point to further Federal Reserve easing," says Dr Kaufman, but he adds, "Current reserve conditions should remain in force." This implies that the Federal funds rate will continue to trade in a narrow 7.75 to 8 per cent range.

However, Mr Philip Braverman of Briggs Schaedle, while accepting the likelihood that the Fed will maintain a stable stance argues that "Threats to the financial system are so pronounced and widespread—encompassing problems in agriculture, LCD's, real estate, oil, and thrifts—that significant Fed firming is virtually precluded and easing more than justified."

In the current environment, continuing nagging concerns about the longer-term inflationary implications of the recent explosive growth of M1, the basic money supply measure, probably explain the "*stickiness*" *of long* bond yields.

The rapid pace of monetary growth—evidenced again last week by the $3.7bn increase in M1, leading to predictions that the base monetary aggregate will expand by 15 per cent this quarter, remains a continuing market concern, even though the Fed has signalled its disenchantment with watching the figure too closely and the real debate has shifted to the state of the economy, the dollar, and the implications of M1's plunging velocity.

The reluctance of the bond markets to stage a strong rally also reflects other uncertainties. While the Treasury has been forced to delay or curtail new borrowings by the debt *ceiling impasse, the absence of* new offerings is only temporary. Once Congress raises the borrowing limit thre will be little respite between the $17.5bn mini-refunding, the October one-year bill and two-year note auctions and the end-October quarterly refunding.

As Mr Braverman notes, portfolio buyers are wary at present because they recognise that until the new supply emerges, the market is trading in something of an artificial vacuum.

This is also apparent in the corporate bond markets. Although prices rose by between ¼ and ¾ points last week, new issue volume totalled a relatively light $826m.

The major event last week Control Data's last minute decision to withdraw a planned $300m debt and equity offering signalling the computer company's continuing problems.

Among the new corporate issues that did make it into the market, Ford Motor Credit sold $100m of 15-year adjustable rate notes.

Paul Taylor

U.S. MONEY MARKET RATES (%)

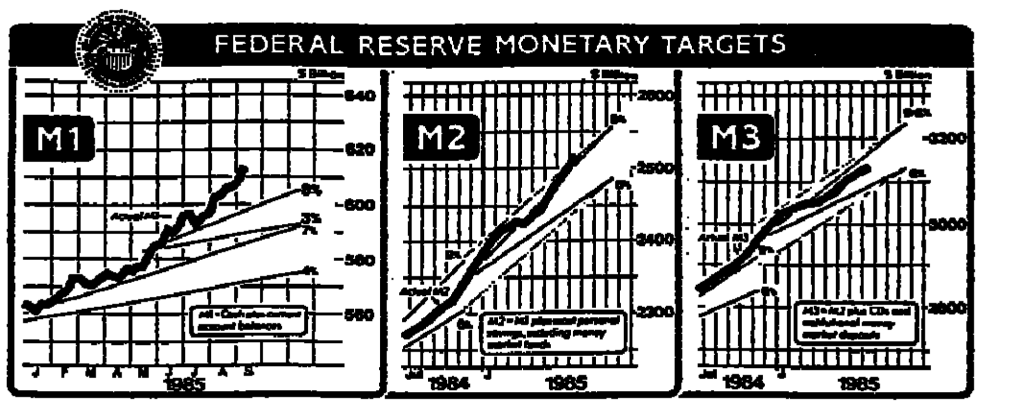
	Last Friday	1 week ago	4 wks ago	—12-month— High	Low
Fed Funds (weekly average)	7.83	7.81	7.74	10.80	7.10
Three-month Treasury bills	7.00	7.21	7.04	10.29	6.67
Six-month Treasury bills	7.25	7.38	7.18	10.40	6.81
Three-month prime CDs	7.97	8.08	7.75	11.25	7.33
30-day Commercial Paper	7.88	7.95	7.65	10.95	6.95
90-day Commercial Paper	7.90	8.00	7.63	10.85	7.00

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	100⅞	+ ⅛	10.18	10.25	10.14
20-year Treasury	99¾	− ⅛	10.77	10.76	10.70
30-year Treasury	100½	+ ⅛	10.57	10.59	10.52
New 10-year "A" Financial	N/A	+ ⅛	11.15	11.26	10.75
New "AA" Long utility	N/A	+ ⅛	11.75	11.70	10.55
New "AA" Long industrial	N/A	+ ⅛	11.83	11.55	11.25

Source: Salomon Bros (estimates).

Money Supply: In the week ended September 2 M1 rose by $3.7bn to $613.4bn.



FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11¾ 94	100	104⅞	+0⅛	10.89
AIDC 11 89	75	102⅝	+0⅛	9.95
AIDC 11⅞ 90	100	101¾	0	11.42
Amer Savings 12 89	125	102⅝	+0¼	11.01
Amer Savings 12¾ 89	100	103⅝	+1¾	11.07
Asian Dev Bk 11¾ 93	100	105⅛	+0½	10.76
Australia 11¼ 90	100	104¾	+0⅛	10.00
Australia 11½ 95	300	104⅞	−0¼	10.58
Australia 11⅝ 98	100	107½	+0½	10.54
Austria 15½ 88	75	111¾	+0½	10.08
Avco Fin 13¾ 91	100	107½	0	11.46
Bk Nova Scotia 13⅝ 87	100	105⅞	0	9.88
Bank of Tokyo 12⅞ 92	100	106	0	10.98
Bank of Tokyo 13¾ 91	100	112	+0½	10.70
Bank of Tokyo 13⅞ 89	100	108¾	− ¼	10.75
Bergen Bank 11½ 90	75	101	−0½	11.17
BP Capital 11¼ 92	150	102⅛	0	10.56
Br Col Hydro 11¾ 93	200	105½	0	10.89
Br Col Hydro 12½ 14	200	107⅝	+0⅛	11.94
Br Col Hydro 12¾ 13	250	107⅜	+0½	11.94
Britoil Fin 11⅞ 90	125	103⅝	0	10.96
Caisse Nat En 11¾ 95	125	105	+0¼	10.85
Canada 10⅞ 88	500	103	+0⅛	9.69
Casio Computer 6⅞ 89	80	121½	+1¾	−0.26
CBS Inc 11⅜ 92	100	101½	+0⅛	11.04
Centrust S & L 0 10	1bn	6⅛	0	12.13
Chesebrough 12 93	100	102	−0½	11.55
Chrysler Fin 13¾ 89	150	106⅝	+0⅛	12.04
Citicorp O/S 10¾ 90	100	99⅞	+0½	10.38
Citicorp O/S 11¼ 90	100	103¼	+0⅛	10.87
Citicorp 11¾ 92	100	102⅝	+0⅛	11.09
Citicorp 11¾ 97	200	101¾	+1	11.44
Citicorp O/S 14 94	100	103⅞	+0¾	13.21
CNCA 11½ 92	125	103	+0⅛	10.80
CNCA 13¾ 91	100	110⅝	+0½	10.63
Coastled Int 12½ 88	125	103¾	+0⅛	10.66
Coca-Cola 11⅛ 88	100	104¼	+0⅛	9.73
Comp Bancaire 13⅞ 90	75	109	0	11.27
Comsat Intnl 12¾ 91	100	104¼	+0⅞	11.15
Creditanstalt 13½ 91	100	103⅞	+0¼	11.02
Daiichi Kangyo 12⅝ 90	100	106⅛	+0⅛	10.62
Denmark 10⅞ 90	100	100	+0¼	10.83
Denmark 11½ 92	100	102⅝	+0⅛	10.86
Denmark 12¾ 92	250	101½	+0⅛	12.36
Denmark 13 92	100	102⅝	+0⅛	12.40
Denmark 13¾ 91	100	108⅞	+0⅛	10.92
Denmark 13⅞ 88	100	103½	+0¼	10.36
Denmark 14 91	100	109	+0⅛	11.75
Digital Equip 11¾ 89	150	103⅞	+0⅛	10.32
Dutch St Mines 11⅜ 91	150	102⅞	0	10.80
Eksportfinans 11⅞ 92	100	102⅝	0	10.69
Eksportfinans 11½ 90	100	103½	+0½	10.56
Elec de France 11¼ 93	100	102½	+0⅛	10.60
Elec de France 12¾ 87	150	105⅛	+0⅛	9.64
EEC 11 87	350	102¼	+0½	9.55
EEC 11⅛ 90	100	102⅝	+0¼	10.38
EEC 12 93	100	106⅝	−0¼	10.72
Elf-Aquitaine 10¾ 89	100	100⅝	+0⅛	10.57
Ericsson L M 10⅝ 88	100	99	0	10.81
Euro Inv Bk 11½ 90	200	104⅞	+0¼	10.41
Euro Inv Bk 11⅝ 91	73	102⅞	+0⅞	11.04
Euro Inv Bk 12½ 90	100	107⅜	−0⅛	10.30
EDC 9⅞ 88	200	100⅝	0	9.94
EDC 10 88	125	100½	+0⅛	9.71
EDC 10¾ 88	100	102¼	+0½	9.63
EDC 11½ 89	150	102⅝	+0⅛	10.08
EDC 12 89	100	105⅞	+0⅛	10.16
FDC 13¾ 87	100	106½	+0⅛	9.57
Fed Dept Stores 11 90	100	101½	−0⅛	10.52
Finland 11½ 88	100	103⅛	+0⅛	9.88
Finland 12¾ 94	75	107¾	+0½	10.86
Finnish Export 12⅝ 87	75	105⅝	+0⅛	9.78
Firstfed Mich 1 13¾ 89	125	106½	+1½	11.02
Florida Fed 12⅝ 89	100	103⅞	+0⅛	11.19
FNMA 11½ 91	300	102	−0⅛	11.01
Gen Elec Cred 0 96	600	32⅝	−0⅛	11.04
Gen Elec Cred 9⅝ 91	100	98¾	+0⅛	10.03
Gen Elec Cred 10½ 90	200	100½	+0⅛	10.29
Gen Elec Cred 11 91	200	102⅝	+0⅛	10.31
Gen Elec Cred 11½ 87	200	103⅝	+0⅛	11.02
Gen Elec Cred 12 94	200	104⅞	+0⅛	11.17
Gen Foods Cap 11½ 90	75	103⅝	+0⅛	10.43
General Mills 12 91	100	103⅝	+0⅛	11.19
GMAC 10 88	200	100¾	+0⅛	9.69
Gen Motors Acc 10½ 90	200	100½	+0⅛	10.32
Gen Motors Acc 11⅝ 90	100	103⅝	+0½	10.47
Gen Motors Acc 13 86	200	103¼	0	8.40
GTE Finance 12 96	75	101½	+0⅛	11.72
Gulf Oil 10¾ 94	100	99⅝	+0⅛	10.30
Gulf Oil 12¾ 85	100	101⅜	+0⅛	−0.02
GZB 14 91	100	111⅜	+0⅞	11.19
Hell Air Fin 12¾ 91	100	103⅛	−0⅛	11.43
Household Fin 11⅝ 92	100	102⅝	+0½	11.08
IBM 9⅝ 88	200	99¾	+0½	9.89
IBM (WTC) 10¾ 89	300	101½	+0⅛	10.17
IBM Credit 11 89	100	103⅛	+0⅛	9.96
IBM Credit 13⅞ 87	100	102⅝	0	13.06
IBM 12¾ 92	200	107⅝	+0½	10.70
Ind Bk Japan 10¾ 92	100	102	−1½	10.28
Ind Bk Japan 10⅞ 95	100	102⅝	−2½	10.38
Ind Bk Japan 11½ 89	125	103⅝	+0⅛	10.33
Ind Bk Japan 11⅞ 91	100	107⅝	+0⅞	10.21
Ind Bk Japan 13⅞ 91	125	114	+1½	10.50
Int-Amer Dev 12¾ 91	150	102½	+0⅛	10.77
Int-Amer Dev 11⅝ 94	200	104¾	+0½	11.17
Int Paper 12 91	75	103⅞	+0⅛	10.99
Int Stand Elec 0 97	112	26⅝	+0⅛	12.21
Int Stand Elec 12 96	75	103⅝	+0½	11.44
ITT 11½ 89	125	104⅝	+0⅛	10.14
ITT Fin 12⅝ 94	100	105⅞	+0⅛	11.30
Japan Airlines 12½ 94	70	108⅞	0	10.85
Japan Dev Bk 11⅞ 91	100	106⅞	0	10.46
Kellogg Co 10⅞ 90	100	102⅝	+0⅛	10.17
Kellogg Co 11¾ 92	100	103⅝	+0½	10.52
Kimberly-Clark 12 94	100	107⅝	+0½	10.88
Kyowa Fin HK 12⅞ 90	100	107	+0⅛	10.84
Long Term Cred 10¾ 90	100	100½	+0⅛	10.58
Long Term Cred 11 90	100	101⅝	+0⅛	10.49
Long Term Cred 11⅞ 89	100	104⅞	+0½	10.37
Long Term Cred 12 90	75	106	+0⅛	10.24
Long Term Cred 12 93	100	105⅝	−0⅛	10.99
Macy R H 11¾ 91	100	104⅝	+0⅞	10.63
Macy R H 11¾ 95	100	103⅝	+0⅛	11.08
Marubeni 11¾ 91	100	101½	+0½	11.00
McDonalds Fin 11⅝ 94	75	102⅝	+0⅛	11.08
Merrill Lynch 12½ 94	100	103⅝	−0¼	11.81
Minebea 6⅞ 89	100	130	−4½	−2.08
Mitsubishi 5⅝ 88	100	104½	+0⅛	4.20
Mitsubishi Cp 10½ 92	100	98⅝	−1⅛	10.55
Mitsubishi Cp 10⅝ 95	200	98⅝	−0⅛	10.67
Mitsubishi Cp 12½ 91	100	108⅝	+0½	10.20
Mitsui Eng 7¾ 88	50	102½	+1⅛	6.33
Mitsui Fin 12¾ 92	100	101	+0¼	11.88
Mitsui Tst Fin 12 91	100	104⅝	+0⅛	10.91
Mobil Corp 10¾ 90	200	100⅝	+0⅛	10.12
Montreal City 12½ 91	70	108½	0	10.83
Mgn Guaranty 12¾ 89	150	105⅝	+0¼	10.38
Morgan J P 11¾ 92	100	102⅝	+0⅛	10.72
Mount Isa Fin 13¾ 87	100	105½	+0⅛	10.23
Ned Gasunie 11⅝ 90	75	103⅛	+0⅛	10.42
Ned Gasunie 11¾ 91	75	102⅞	+0¼	10.50
N Engl Lf Mtg 11¾ 95	149	104⅝	+0½	10.91
Newfoundland 13 91	75	107½	0	11.08
Nippon Cred Bk 13⅞ 89	100	108⅝	+0⅛	10.75
Nippon Tel Tel 11⅝ 90	100	105	+0⅛	9.88
Nippon Tel Tel 13 94	150	113	0	10.63
Nissho-Iwai 6½ 89	70	101	+2	6.15
Nomura 6⅝ 88	100	161¼	+3½	−8.58
Nova Scotia 11¾ 91	100	104½	+0⅛	10.60
Nova Scotia 11¾ 98	100	104⅛	+0⅛	11.01
Oester Post 12⅝ 89	75	104⅞	+0⅛	10.49
Ohbeyashi-Gumi 7¾ 89	50	184⅝	−1½	−7.43
Ontario Hydro 11⅝ 94	200	105⅛	0	10.60
Ontario Hydro 11¾ 90	200	106⅝	+0⅛	10.23
Ontario 12½ 94	250	109⅝	+0⅛	11.04
Pacific Gas & El 12 00	75	103⅝	+0⅛	11.44
Penney J C 11⅞ 90	100	104	+0⅛	10.80
Penney J C 12¾ 91	100	107⅛	+0⅛	11.04
Philips Petrol 14 89	200	103½	+0⅛	12.66
Postipankki 11⅝ 90	75	101⅞	+0⅛	10.57
Post-Och Kred 13½ 87	50	106⅝	+0⅛	10.00
Privatbanken 12⅝ 95	100	99	0	12.91
Prudential Ins 12⅝ 87	150	105⅝	+0⅛	9.54
Pru Rlty Secs 0 99	365	23⅞	+0⅛	11.35
Pru Rlty Secs 11⅞ 92	386	104¼	+0⅛	10.56
Pru Rlty Secs 12¾ 95	546	106½	+0⅛	10.91
Quebec Prov 12¾ 94	150	106⅝	+0⅛	10.96
Queensland Gvt 11⅞ 89	100	103½	−0⅛	
RBC 12¾ 90	100	102	+0⅛	12.08
Rural Bk Aust 12 91	50	103½	+0½	11.10
Sanwa Bk 11⅞ 92	150	103⅝	0	10.91
Saskatchewan 10¾ 92	100	100⅞	+0¼	10.53
Saskatchewan 10¾ 90	125	102	+0⅛	10.14
Saskatchewan 11⅞ 89	100	105⅝	+0⅛	10.20
Saskatchewan 15 92	150	118⅝	−0½	11.07
Saskatchewan 16 89	125	115⅝	+0⅛	10.36
Scot Int Fin 14¾ 96	50	111	0	12.32
Sears O/S Fin 0 98	500	24⅝	0	11.56
Sears Roebuck 10½ 91	150	99⅞	+0⅞	10.52
Sears Roebuck 11⅝ 91	150	104⅞	+0⅛	10.36
Sec Pacific 12 92	100	105⅞	+0¼	10.82
Shearson/Amex 12⅞ 94	100	104½	+0⅛	11.24
Shell (Canada) 14½ 92	125	111¼	+0⅞	11.80
Signal Comps 11¾ 92	125	103¼	+0⅛	11.01
Standard Oil 10½ 89	150	100⅝	+0⅛	10.32
Statoil 12 88	100	104⅝	+0⅛	9.76
Sumitomo Corp 10⅝ 92	100	99⅝	+0⅛	10.65
Sumitomo Fin 11¾ 92	150	103⅛	−0⅛	10.99
Sumitomo Fin 12⅝ 91	150	106⅝	+0⅛	11.04
Sumitomo Trust 12½ 92	100	106⅞	0	10.92
Sweden 11½ 89	200	104	+0½	10.26
Sweden 12⅝ 89	200	106	+0⅛	10.25
Swedish Export 10¾ 88	100	101½	+0¼	10.45
Swedish Export 11½ 89	100	103⅝	+0⅛	10.28
Swedish Export 12¾ 89	100	104⅞	0	11.16
Taiyo Kobe 11⅞ 90	100	103⅝	+0½	10.79
Taiyo Kobe 12 90	100	104⅝	+0½	10.86
Tenneco Corp 11½ 89	150	102⅝	+0⅛	10.57
Texaco Capital 10½ 90	200	99⅝	+0⅛	10.55
Texaco Capital 10½ 93	200	100⅝	+0½	10.35
Texaco Capital 13½ 89	200	108⅞	+0⅛	10.56
Texas Instru 11⅞ 91	150	103¾	+0⅛	11.02
Tokai Asia 12¾ 91	100	105⅛	+0¼	10.90
Tokyo Electric 6½ 89	70	97	+3	7.49
Tokyo Electric 13⅝ 89	100	106⅝	+0⅛	11.15
Toray Inds 11½ 92	50	100	+0½	11.09
Toronto-Dom 12⅝ 89	50	105⅛	+0¼	10.78
UBS 12¾ 91	100	105¾	0	10.81
Utd Tech 11¾ 92	150	102½	+0⅞	10.66
Veba 8 93	70	144	+1½	2.12
West LB 11⅞ 90	100	103⅞	+0½	10.87
Westpac 12⅝ 92	41	108⅝	+0⅛	11.11
Weyerhaeuser 11½ 90	60	101¾	0	11.02
World Bank 11 92	300	101⅞	+0⅛	10.58
World Bank 11¼ 90	200	103¼	+0½	10.38
World Bank 11½ 89	200	103⅝	+0⅛	10.10
World Bank 12 93	200	106⅝	+0⅛	10.72
World Bank 12¾ 94	150	107⅞	0	10.84
World Bank 12⅞ 94	200	110⅝	0	10.93
Yasuda Trust 12⅝ 89	100	104⅝	+0⅛	10.69

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
African Dev Bk ⅛ 96	100	100⅛	0	8¾
Arab Bank Cpn ⅛ 96	100	100⅛	+0¼	8 11/16
Banca Lavoro ⅛ 91	100	100¼	−0⅛	9½
Banco di Roma 3/16 89	150	99⅞	+0⅛	7 13/16
Banco di Roma 3/16 92 CU	75	98⅝	−0⅛	10 5/16
Bankers Tr NY ⅛ 94	200	100¼	0	7⅞
Bank of Greece ⅜ 94	150	99	+0⅛	8½
Bank Montreal ⅛ 94 £	100	100¼	+0⅛	12 11/16
Bqe Nat Paris ⅛ 88	400	101	−0⅛	8½
Bqe Nat Paris ⅛ 89	250	100⅛	+0⅛	8 15/16
Bqe Nat Paris ⅛ 96	250	100⅛	+0⅛	8¾
Barclays O/S ⅛†	600	100½	0	9¼
BBL ⅛ 95	100	100⅛	0	8 9/16
BBL ⅛ 89	100	100⅛	+0⅛	9⅜
BCI ⅛ 96	300	100	0	9⅞
BFCE ⅛ 88	500	100⅛	0	8⅛
BFCE ⅛ 99	600	100⅝	+0⅛	8⅜
Belgium 1/16 04	400	101	+0⅛	9⅜
CCCE ⅛ 05	200	100⅛	+0⅛	8 9/16
CEPME ⅛ 96 £	100	100⅛	+0⅛	12 11/16
Chase Manhattan ⅛ 09	400	100⅛	+0¼	8 7/16
Chemical NY 1/16 99	300	100½	0	8⅛
Citicorp O/S ⅛ 91 £	100	99⅝	+0⅛	11 7/16
Citicorp Pan Pan ⅛ 97	250	100	0	8¾
Caisse Nat Tel ⅛ 90	275	100⅛	−0¼	9½
Commerzbank ⅛ 89	150	100⅛	+0⅛	8⅝
Creditanstalt 1/16 96	150	100⅛	0	8¾
Credit Comm ⅛ 95	100	100⅛	−0⅛	9⅞
Credit Foncier ⅛ 00 £	100	100⅛	0	12⅝
Cred Lyonnais ⅛ 96	300	100⅛	+0⅛	8 9/16
Cred Lyonnais ⅛ 99	250	100½	0	8⅜
Credit National ⅛ 95 £	100	100⅛	+0⅛	12 9/16
Dai-Ichi Kangyo ⅛ 96	150	100⅛	0	8 11/16
Denmark ⅛ 90	250	100⅛	0	8 9/16
Denmark 0 99	200	100	0	8½
Denmark 3/16 90	500	100½	−0⅛	9⅜
Eldorado Nuke 0 89	100	100⅛	0	8¾
Elec de France ⅛ 89	400	101	+0⅛	8 7/16
ENEL ⅛ 93 £	100	100½	+0½	12⅜
Exterior Intl ⅛ 86	125	99½	+0⅛	7⅝
Ferro del Stat ⅛ 88	100	100⅛	0	8½
Ferro del Stat ⅛ 99	250	100½	+0⅛	8 9/16
Fiat Finance ⅛ 94	100	100⅛	+0⅛	9⅞
First Chicago ⅛ 94	100	99⅝	−0⅛	8 9/16
First Chicago 3/16 97	150	99	+0	8 7/16
Ford Motor Cr ⅛ 91	200	100⅛	0	9 15/16
GW O/S Fin ⅛ 94	100	99⅝	+0½	10½
Grindlays ⅛ 94	100	100⅛	+0⅛	8⅜
INI 3/16 00	150	100⅛	0	9 11/16
Interfirst Tex ⅛ 89	100	97⅛	−0½	8⅛
Ireland ⅛ 93 £	50	100½	0	12 11/16
Ireland 3/16 94	300	100⅛	+0⅛	8 9/16
Ireland ⅛ 96 £	100	100⅛	0	12⅝
Ireland ⅛ 97	300	100⅛	0	8 9/16
Ireland 3/16 99	300	100⅛	0	8 9/16
Italy ⅛ 94	1bn	100½	0	8⅞
Italy ⅛ 99	500	100⅛	0	8⅜
Kleinwort Benson ⅛ 96	100	100⅛	+0⅛	10⅛
Korea Exch Bk ⅛ 94 £	100	98⅝	0	12
Lincoln S & L ⅛ 99	100	99⅞	0	8⅛
Malaysia ⅛ 93	650	100⅛	+0⅛	8½
Malaysia ⅛ 94	600	99⅞	0	7 11/16
Man Hanover ⅛ 94 £	75	100⅛	+2⅛	11⅝
Marine Midland ⅛ 94	125	100⅛	0	8⅝
Marine Midland ⅛ 96	125	100	+0⅛	8 7/16
Marine Midland 3/16 09	150	99⅝	−0⅛	8
Mellon Bank ⅛ 96	250	100	−0⅛	8⅛
Midland Intl ⅛ 99	200	100⅛	+0⅛	8 7/16
Mitsui Fin ⅛ 96	100	100⅛	+0⅛	8 5/16
Morgan Grenfell ⅛ 94	50	99⅝	0	8 9/16
Mfg Intermed ⅛ 10 £	50	99⅞	+0⅛	12
Nat Bk Canada ⅛ 91	50	99⅝	0	8⅛
Nat Bk Detr ⅛ 96	100	99⅝	−0⅛	8⅛
Nat West Fin ⅛†	500	101	+0⅛	9⅛
Neste Oy ⅛ 94	100	100⅛	+0⅛	8⅛
New Zealand ⅛ 87	350	100⅛	0	9⅜
NZ Steel Corp ⅛ 92	300	100⅛	0	9½
Oster Ln Bk ⅛ 99	100	100⅛	−0½	9⅛
Oko Bank ⅛ 92	50	99½	0	8 11/16
Portugal ⅛ 92	100	100	+0⅛	9⅞
Queensland Coal ⅛ 96	395	100⅛	0	9
Renfe ⅛ 91	100	100⅛	0	10 5/16
Sanwa Intnl ⅛ 92	150	100	+0⅛	8 9/16
SEAT ⅛ 93	100	100	−1⅛	8 9/16
Security Pacif 1/16 97	250	99⅝	0	8 9/16
Skopbank ⅛ 94	75	99⅝	0	8⅛
SNCF ⅛ 93 £	75	100⅛	+0⅛	12 7/16
Soc Generale ⅛ 90	250	100½	−0½	8½
Soc Generale ⅛ 94	250	100½	+0⅛	10 5/16
Spain ⅛ 88	200	100⅛	0	8 9/16
Spain ⅛ 97	250	100⅛	+0⅛	8⅜
Standard Chart ⅛ 94	200	100⅛	0	8⅛
Sumitomo Tst ⅛ 94	100	100⅛	+0⅛	8 7/16
Sweden ⅛ 99	500	99½	+0⅛	9½
Sweden ⅛ 03	1bn	100⅛	0	8⅜
Sweden 0 90	700	99⅝	+0⅛	7 13/16
Sweden ⅛ 24	500	99⅞	−0⅛	10 5/16
Sweden ⅛†	750	100	−0⅛	9 5/16
Tokai Asia ⅛ 99	150	100⅛	0	8⅝
Toyo Tst Asia ⅛ 99	100	100⅛	0	8
TVO Power ⅛ 04	100	99½	0	8 9/16
Union Bank-Norw ⅛ 99	50	99⅞	+0⅛	8 7/16
Wells Fargo 3/16 96	50	99⅝	0	8⅛
World Bank 11/32 94	250	98⅝	0	7 13/16
Yorkshire Int ⅛ 94 £	75	100⅛	0	12⅝

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 99	720	111⅞	+2⅞	
Best Denki 5⅞ 97	15	164⅝	+3⅝	−3.98
Canon 7 97	50	167⅞	−3¼	−5.32
Daiwa Secs 5½ 98	60	201	+11	5.03
Dev Bank Sing 5½ 98	70	70	−1	10.46
Elders 11⅛ 84	160	106⅞	+0½	32.15
Elektrowatt 5 96	52	103½	+0⅝	−3.75
Fujitsu 3 99	160	78⅝	−3⅝	10.56
Intec Inc 3 99	50	95	+9	12.61
Kamagi Gumi 3½ 00	80	156⅝	+4⅝	−0.86
LASMO 9¾ 99	44	97⅝	+2	18.40
Moet-Hennessy 7 99	50	107⅝	−0⅛	1.73
Murata Mfg 3½ 00	100	88⅞	−0⅛	9.55
Nippon Oil 3¾ 99	50	83½	−0½	38.38
Ono Pharm 3¾ 98	60	85½	+1	−1.32
Soc Gen Surv 4½ 94	51	117⅝	+0⅛	113.94
Sumitomo Corp 2⅞ 99	70	112⅝	−4⅝	0.09
Texaco Capital 11⅞ 94	1bn	104⅛	0	46.65
Texaco Capital 11¾ 94	500	0	0	0
Tsugami Corp 3¾ 00	20	66	0	−3.67
Yamaichi Sec 3¾ 95	20	136	−2	−3.70

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bk 7¾ 94	15	103⅝	+0⅛	6.79
Avon Products 6¾ 91	25	99¾	+0½	6.90
Denmark 6⅝ 92	20	100⅞	+0⅛	6.67
Dow Chemical 7 94	50	101¾	+0⅛	6.73
EDF 6⅞ 95	20	101⅛	+0⅛	6.61
Eurofima 7½ 94	10	103½	+0⅛	6.81
Eurofima 6⅝ 92	10	100½	+0½	6.63
FNMA 6⅞ 92	50	101⅞	+0⅛	6.64
GMAC 6½ 90	25	100⅞	+0⅛	6.25
Intel 6⅝ 92	13	97⅞	−0⅛	7.04
IADB 7½ 94	15	103⅝	+0⅛	6.95
IADB 7⅞ 93	15	104⅝	0	7.16
ITT 6¾ 92	20	99⅝	+0⅛	6.89
McDonald Cpn 6½ 92	25	99⅞	+0⅛	6.52
New Zealand 7½ 90	15	102⅝	+0⅛	6.47
New Zealand 7⅝ 89	15	103⅞	+0⅛	6.49
Pacific Gas Elec 7 94	20	102⅝	+0½	6.58
Penney J. C. 6¾ 92	25	100⅛	+0½	6.69
Procter 6⅝ 92	25	102	+1⅛	6.23
Sallie Mae 6⅝ 92	25	100⅝	+0½	6.57
TRW 7 94	15	101⅝	+0⅛	6.73
Utd Technology 6⅝ 92	25	100½	+0½	6.52
World Bank 7 94	20	102⅝	+0⅛	6.56
World Bank 7⅝ 93	20	105⅝	+0½	6.68
World Bank 8 93	20	107	+0⅛	6.76

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
ASEA 9¾ 89	600	102⅛	−0⅛	9.03
Eurofima 10 94	800	103⅛	0	9.38
E Coal & Steel 10½ 94	1bn	103⅛	0	9.71
Euro Invest Bk 10½ 94	1bn	106	0	9.42
World Bank 10⅛ 89	1bn	103½	+0½	9.08

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 89	200	105⅝	+0¼	6.02
ABN 7¾ 89	150	105⅛	+0⅛	6.26
Amro Bn 7¾ 89	150	103½	+0⅛	6.27
Amro Bk 8 89	200	104½	0	6.50
Bk Mees & Hope 8¾ 89	100	105½	+0¼	6.40
Beatrice Foods 8⅞ 89	100	106⅞	+0¼	6.16
C C Rabo 8 89	150	105	0	6.37
Denmark 8½ 91	100	108½	+0⅛	6.71
Int Stand Elec 8½ 89	100	105½	−0⅛	6.82
New Zealand 8¾ 89	100	106	+0⅛	6.42

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Amex 12¾ 91	50	104⅝	+0½	11.13
Aust Resources 11⅝ 92	50	102⅛	−0½	11.08
Bank of Tokyo 10⅝ 92	75	104⅞	+2	9.79
Bqe l'Indosuez 14 91	75	109⅝	0	11.74
Br Col Munic 12¾ 91	100	105⅛	+0⅛	10.93
Br Col Munic 13½ 91	100	109⅝	+1	11.13
Br Sol Tele 12¾ 89	70	102⅛	+0¼	11.90
Denmark 11⅝ 91	100	102⅛	+0⅛	11.04
Farm Cred Cpn 12¾ 90	75	104⅛	−0⅛	11.10
Kredietbank 12 92	75	102⅛	−0⅛	11.42
Long Term Cred 11¾ 90	75	101⅞	−0½	11.14
Montreal City 12¾ 91	50	104⅛	0	11.06
New Brunswick 12 95	75	103⅛	+0⅛	11.41
Nova Scotia 11⅝ 86	100	98⅝	0	11.62
Quebec Hydro 14 91	91	108⅝	−0⅛	11.92

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 9¾ 92	100	103½	0	8.74
Australia NZ 10⅝ 91	50	106	0	8.52
Austria 10⅝ 93	100	108	+0⅛	9.06
BFCE 9¾ 92	75	104⅝	+0⅛	8.83
Cred National 10⅝ 94	50	107⅛	+0⅛	9.17
Cred National 11¾ 91	50	108⅝	+0⅛	9.37
Denmark 10⅝ 91	75	107⅛	+0¼	8.95
Ebco Intl 10⅞ 89	55	104⅛	0	9.32
EEC 10½ 91	60	104⅝	+1	9.45
EEC 11 93	50	108⅞	+0⅛	8.64
EEC 11⅛ 91	50	108⅛	0	9.72
EEC 11⅛ 93	70	109⅝	+0⅛	8.69
Euro Coal Steel 8 94	60	119⅝	−0⅛	8.83
Euro Invest Bk 9¾ 95	200	102⅝	−0⅛	8.89
Euro Invest Bk 10⅝ 94	100	108⅝	+0⅛	8.94
Euro Invest Bk 10⅝ 89	50	106⅝	0	8.30
Euro Invest Bk 10⅝ 94	100	108	+0⅛	9.20
Euro Invest Bk 11⅛ 92	75	110⅝	+0⅛	9.02
Euro Invest Bk 11⅛ 93	60	110⅛	+1⅛	9.24
Euro Invest Bk 11⅛ 96	50	111	−0⅛	9.52
Gen Finance 11 90	70	107⅞	+0⅛	8.96
Giro Vienna 10½ 93	60	107	−0½	9.12
GTE Finance 10⅞ 92	50	109⅛	0	8.90
Ireland 10⅝ 95	50	104⅛	+0⅛	9.53
Italian Govt 10½ 92	800	106⅝	+0⅛	9.23
Italian Treas 11½ 90	60	108	−0⅛	9.44
Kredietbank L 9½ 92	75	102⅛	+0⅛	8.78
Megal Finance 11⅛ 94	100	107⅝	−0½	9.91
Nippon Cred Bk 11 91	50	107⅞	0	9.00
Nordic Inv 8 94	50	118½	−0⅛	8.86
Post Och Kred 10⅞ 92	50	105⅛	+0⅛	9.75
Royal Bank Can 10½ 89	85	105⅛	0	8.55
SNCI 10⅞ 94	60	107½	−0⅛	9.54
Swedish Export 11 89	58	103⅛	0	9.80
West LB 10⅞ 91	50	106⅝	+0⅛	9.20
World Bank 10⅝ 89	100	107⅝	+0¼	7.89

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Nat Aust Bk 12½ 89	40	96	+1	13.92
PIBA 12⅝ 89	50	97⅛	−0⅛	13.19
State Bk NSW 12⅝ 89	40	97½	+0½	13.11
Woolworths 14⅝ 88	25	100⅝	−1⅛	13.80

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
BAT Intnl 10⅝ 91	100	99	+0⅛	10.98
Denmark 10⅝ 89	75	99	+0⅛	11.06
EEC 11⅛ 94	50	101⅛	+0⅛	11.02
Europarat 11¾ 92	50	101⅛	+0½	11.03
Euro Invest Bk 10⅝ 92	75	99⅝	+0⅛	10.86
Finland 11⅞ 88	50	102⅝	+0⅛	10.80
Grand Met Fin 10⅝ 90	50	98⅝	+0⅛	11.24
Int-Amer Dev 11⅛ 91	60	100⅞	+0⅛	11.12
Int Stand Elec 11⅛ 89	50	99⅝	+0⅛	11.17
Inv In Indust 11½ 91	50	103⅛	0	10.76
Ireland 11⅛ 94	60	100½	0	11.25
New Zealand 10⅝ 89	100	98½	+0⅛	11.02
SNCF 11⅛ 94	60	101	0	11.04
World Bank 10⅝ 89	100	100⅛	+0⅛	10.54
World Bank 10⅝ 89	50	100	+0⅛	10.60
World Bank 11 94	50	100⅛	+0⅛	10.96

EQUITY WARRANTS	Expiry date	Price	Chg. on week	Prem.
Commerzbank DM	31/5/88	59	0	2.54
Ciba-Geigy Int £	1/11/93	339	+3	169.27
Credit Suisse	31/5/88	417⅞	+0⅛	2.50
Deutsche Bank DM	18/6/91	121½	0	−25.02
ICI Finance	1/6/90	252½	−10	194.20
IC Industries	15/6/88	15	0	−10.51
Jusco	22/12/88	82	+1	23.52
Minebea Co	20/2/89	48	0	51.58
Mitsubishi Corp	7/11/88	31⅝	+1⅛	18.98
Mitsui	10/12/87	27	−0⅛	10.89
Nissho Iwai	1/2/89	11½	−0⅛	28.54
Nomura Sec	31/10/88	76⅝	+0⅞	17.38
Siemens Wsts DM	31/5/90	340	0	−3.82
Swiss Bk Corp	20/12/88	63	+1	7.09
Toray Ind	5/3/87	25½	−0⅛	5.79
Veba Int	15/12/93	57	0	7.25

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
Aegon Ins 11⅝ 91	14/2/88	28⅝	+4	10.87
Coca-Cola 11⅛ 91	28/11/88	41⅝	+4⅞	11.16
Commerzbk 13⅝ 91	17/7/88	99	+2½	11.20
Du Pont 13¾ 89	25/6/86	77½	−0⅛	10.72
Eksportfinas 13⅝ 89	15/9/87	79	0	10.71
Gen Elec 12⅝ 91	7/8/87	63⅞	+1	11.19
In Bk Japan 12⅞ 91	5/10/89	75⅝	−1⅛	11.08
Inv In Inds 10½ 91	1/12/88	87	0	10.09
McDnlds F 11⅛ 94	5/1/89	37⅝	+0⅛	10.41
Oester Lnbk 13½ 89	9/8/87	79⅛	+1	10.87
Texaco Cap 12⅞ 92	1/9/87	59⅝	0	11.58
Toronto-Dm 12½ 91	6/4/88	51½	+1	11.27

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=current coupon.

CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

† Perpetual.

Closing prices on September 20.

UK GILTS

Authorities in two minds on money supply

WHATEVER have the UK authorities not been up to in the last month? The slackness of their funding efforts has provoked all sorts of speculation in the City, and raised fundamental questions elsewhere about the conduct of monetary policy.

In banking August, net gilt sales were only £74m—in a period when the expansion of private and public credit was £2.6bn.

As a result, sterling M3 (which for all its waywardness is still the most closely watched measure of the money supply), rose by 2 per cent. This pushed the annualised rate of increase for the latest six months to 16.7 per cent, a figure which would have triggered sirens all over the Treasury, if the authorities really were serious about controlling the money supply.

But it didn't, so are they? The answer is probably that they are suffering from a mild form of intellectual schizophrenia on the subject. One moment they are comforting themselves by rehearsing all the well-known distortions of sterling M3, and the fact that a large part of the increase is in interest bearing deposits which seem to represent savings rather than liquidity.

But in the next moment they are reminding each other rather somberly that those savings could quickly be transmuted into transaction balances and spent.

Now, officials rather desperately point out that M0 is well within its target range, having grown by only 3.3 per cent (annualised rate) in the last six months. But this tells us very little about what is happening in the world except that credit cards and cash dispensers are causing profound changes in the way people use cash.

Meanwhile, M1, the so-called narrow measure of money, has been growing at the horrendous annualised rate of 28 per cent since the beginning of the year. Most of this growth, it is true, has been in interest bearing accounts; but then these are increasingly being used as convenient ways of holding spending money as well as for investment purposes.

That leaves the broadest aggregate, Private Sector Liquidity, which includes deposits with building societies. This measure of money has also been rising at an annualised rate of around 15 per cent.

So there is certainly a strong case to be answered that credit and money are expanding much faster than is consistent with, say, 3½ per cent real growth and 5½ per cent inflation.

Why, therefore, did the authorities appear to sit on their hands in August? In June and July, net gilt sales were zero, mainly because actual purchases were cancelled out by some very large redemptions—roughly £1bn in each month.

But there was no such inhibition in August, and no obvious reason why the market should not have absorbed substantially more Government stock.

One explanation being touted in the City last week was that the authorities have deliberately held back their funding efforts in order to reduce the Bill mountain; and it is true that the value of Bills held by the Bank of England did fall by almost £2bn in the period.

Certainly the desire to reduce the Bill mountain has been the major reason for the switch of policy from over-funding during the summer. But have the authorities now gone one step further and decided that debt sales should be less than public sector borrowing?

To counter this, the Bank might point to the two additional tranches of tap stock announced on Friday, the £100m of 2½ per cent index-linked Treasury 2001 and the £150m of 2½ per cent index-linked Treasury 2020 but the size of the issues did not provide much suggestion that The Old Lady is stepping on the accelerator.

Perhaps the most than can be said is that the August funding pattern raises questions which Mr Lawson will be expected to answer in his Mansion House speech next month, if the Bank has not already provided the answer in the market-place.

Then perhaps there is nothing to explain. As one official remarked, "It could be that everyone in the Bank of England was so busy setting the terms of their $2.5bn floating-rate dollar issue, that they didn't have time to think about funding."

Max Wilkinson

UK COMPANY NEWS

Frank Kane looks at the deal between Central & Sheerwood and Midland Bank

Lifting the black cloud of bankruptcy

THE DEAL announced last week between loss-making engineer Central and Sheerwood and the Midland Bank, which in effect saved C and S from imminent receivership, has caused some surprise in the City.

In essence, Midland agreed to take over a potential liability of £16m from C and S's offshoot Ransome and Rapier, in exchange for a loan of £5m repayable on very generous terms — no payments on either capital or interest for the first two years, and the total to be paid over an 11-year period.

The deal was described by C and S managing director Mr David James as "one of the most successful enterprises in industrial trouble shooting for a long time," and rid C and S of a "big black cloud" which had been hanging over it since 1981, threatening at any moment to bankrupt the company.

The advantages for C and S are obvious, but what has caused particular City interest is the role played by the Midland. Nobody has forgotten that in very similar circumstances in 1982 the bank in effect pulled the plug on another heavy engineer, Stone-Platt, much to the annoyance of institutions which had put together what they considered to be a viable rescue plan.

The Midland gets a 29 per cent stake in C and S via a share issue as part of the loan agreement, but this alone does not explain its generosity. Analysts have been asking whether the deal signals the start of a new approach by the banks to ailing industrial companies, but a more likely explanation is that the C and S rescue is a one-off deal prompted by the curious circumstances surrounding Ransomes and Rapier, a mining equipment manufacturer.

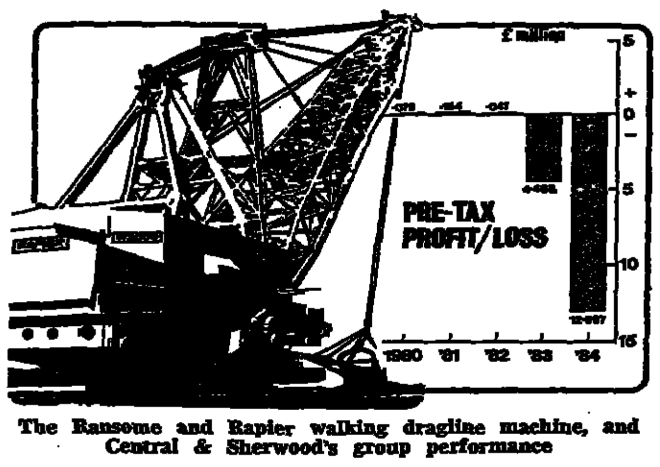
In 1977 R and R started to build a walking dragline machine, the W2000, for a prospective customer in the U.S., which subsequently decided not to proceed with the purchase. R and R went ahead with the project, partly because the expensive electrical components had already been built, and partly because it regarded the machine as something of a market priority for the U.S.

The W2000 is no ordinary piece of mining equipment. It weighs up to 750 tons and can lift up to 27.5 cubic yards of minerals at a time. Each machine costs a minimum £5.5m. R and R is one of only four western manufacturers of walking draglines—and the only one of these outside the U.S.

R and R eventualy found another buyer for the machine, Mr Carl Goos, an American businessman who owned a large chunk of anthracite mining land in Pennsylvania. Mr Goos thought the W2000 would give him a large share of the U.S. open-cast anthracite market.

No doubt the W2000 would have brought improved production and lower costs but, in Mr James' words. Goos "had a commercial vision which exceeded his financial ability to execute." In short, Goos's company GMP Land could not afford the machine. The sale was only possible because the European American Bank financed it. This loan was guaranteed by the Midland, which in turn was covered by a counter-indemnity by R and R.

Security for these arrangements consisted of the W2000 itself, which at the time had an on-site value of £4.6m, and mortgages over the 16,000 acre site. Mr James makes it clear that the deal was a "perfectly viable commercial proposition" from the Midland's point of view, and that the security more than adequately covered the exposure.



The Ransome and Rapier walking dragline machine, and Central & Sherwood's group performance

In 1981 GMP filed for bankruptcy. R and R and the Midland were left with the W2000 — GMP had only paid a first instalment of $300,000 — and a large piece of mining real estate which was producing only little.

The mine itself had previously been considered an attractive proposition—Goss had reportedly turned down a $36m offer for it before he bought the W2000, and a subsequent independent report from British Mining Consultants showed considerable anthracite reserves on the site. C and S decided that the best plan was to go for a sale of the site as a going concern — but so far it has not found a buyer.

Early in 1984 Central and Sheerwood was in a state of flux. Losses in 1983 reached £4.5m — not entirely due to Ransomes and Rapier's problems.

Lord Eden of Winton, a former minister in Mr Edward Heath's cabinet and a non-executive board member of C and S under the chairmanship of Doctor Francis Singer, berame chairman. He appointed as managing director Mr David James, who had a reputation as an industrial troubleshooter following his turnround of Rank Organisation's audio-visual division. A new team quickly found that C and S was not in good health. The former board structure had been highly decentralised, with no group financial director and no overall control of finances. Lord Eden now says: "The disciplines of financial control had not been consistently applied."

A "house cleaning" exercise was quickly arranged to rationalise and reorganise the loss-makers within the group, but the directors discovered that there was a far more serious problem which threatened to bring the whole edifice down.

Mr James commented with some feeling that the previous board had 'quite unappreciated the extent of the R and R problems." C and S's liability for the Pennsylvania affair had been growing year by year with rising interest charges and adverse exchange rates. It currently stands at $23m — £16.4m at the $1.40 exchange rate which C and S applies — and the company would have no alternative to receivership should it be called to meet the full exposure under the cross guarantee to Midland.

Mr James stresses that it would not have been the Midland itself that would have called in the receiver. The group banker is Bank of Scotland, and the roll-up effect of the R and R liability would have been passed on to them. In any case, the result would have been the same —C and S's fate rested on Midland Bank's intention or otherwise to call in its counter-indemnity.

The plan is subject to shareholders' approval at an extraordinary meeting on October 9, but their backing is assured. "They have nowhere else to go." said Mr James, "there is no alternative."

If the C and S relief is understandable, the Midland's attitude is less so. On the face of it, they have exposed themselves to a potential loss of £16m for very little possible return. Of course, the "wild card" may be turned — the Midland is still examining the idea of attracting a consortium to operate the U.S. mine, and if this comes off the site and the W2000 will be sold to give significant recovery against potential loss. But this must be regarded as an outside chance at this stage.

The bank is reluctant to discuss the deal for very obvious reasons. It would not like to give the impression of being a soft touch for any of its other corporate clients who may find themselves in difficulties, and states succinctly that the S and C case arose from "unusual circumstances requiring unusual measures."

However, the bank suffered from adverse publicity at the time of the Stone-Platt receivership and clearly would not like to repeat the process. As a result, it has come up with an imaginative plan which ensures employment for the 2,500 employees of C and S and continued exports of around £25m per year for the UK.

There is still a long way to go, though, for Central and Sheerwood. The group's pre-tax loss for 1984 came to £12.71m, inflated by a £9.87m above the line cost which includes the charge for the Midland deal. So the slimming process will continue. Mr James is proud of his record of eliminating several loss-making businesses without closing down a single one — all have been sold as going concerns. The group points out that the Midland rescue reflects the bank's confidence in the current management.

Of the company's other main interests, the printing and publishing division maintained its profit growth into 1985, but the Holcombe Holdings offshoot, comprising the A. L. Dunn foundry business and Coventry Apex Engineering, were both severely hit by the Ford strike of late 1984. The consequences ran well into the current year.

Ransomes and Rapier is still very much a going concern, and in the first half of the current year has supplied 42 smaller crawler draglines to Egypt at £40,000 each. It is still in the walking dragline business but these, Lord Eden says pointedly, "are now built strictly to order."

The W2000, incidentally, is still in position on the anthracite mine. Despite its four years of redundancy and exposure to the Appalachian climate, "there is not a spot of rust on it," Mr James says proudly, "it is in gleaming showroom condition."

Northern Industrial

Northern Industrial Improvement Trust raised after-tax profits from £113,149 to £164,473 for the year to March 31, 1985. Earnings per £1 share increased to 13.48p (9.27p) and the dividend total is 3.6p higher at 13.6p net, with a final of 8.6p. Investment income was £206,527

Blue Arrow in U.S. purchase

Blue Arrow has acquired, through its newly formed U.S. subsidiary Blue Arrow Services, the entire share capital of IMS/Kayward, a contract cleaning company of Boston, Massachusetts

The total consideration of $500,000 (£365,000) will be satisfied in cash by an initial payment of $175,000 at completion and by subsequent payments of $125,000 in January 1986 and $200,000 in March 1986.

IMS/Kayward has an annual turnover in excess of $3m and is expected to break even on profit in the current year.

Hawtal Whiting

Pre-tax profits at Hawtal Whiting Holdings, design engineering consultancy service, improved from £788,000 to £1.68m in the half-year to June 30, 1985. Turnover showed a considerable increase from £4.52m to £11.75m.

Tax rose from £308,000 to £732,000, and stated earnings per 5p share of this USM company improved from 7.8p to 14.6p.

Oil production boosts Invent Energy to £8.9m

HIGHER OIL production and sales in France contributed primarily to Invent Energy Holdings showing a substantial increase from £1.23m to £15.67m in turnover, and a pre-tax profit of £8.89m in the year to May 31 1985 compared with losses of £1.39m a year earlier.

The directors say the company intends to apply for a full listing on the London Stock Exchange, and it is expected that the listing will be obtained at, or about the time of the annual meeting.

It is intended to propose a sub-division of each existing ordinary share of 25p nominal value into five new ordinary of 5p nominal value.

Revenues from the company's share in the P6 gas field in the Netherlands sector of the North Sea made a useful contribution. Oil production in France is continuing to escalate, with a daily average of approximately 5,400 bopd—attributable to Triton France, the company's wholly-owned subsidiary—being maintained during the first two weeks of September.

Of this, approximately 4,300 bopd was produced by the Villeperdue Field and the remainder from the Triton France-operated Melun block.

On the Villeperdue Field, 47 appraisal and development wells have been drilled, 35 of these are already on production, four are awaiting completion, four are awaiting connection, and four are shut in. The average initial flow rate of the nine latest wells placed on production has been 238 bopd.

There is every expectation, therefore, that production will continue to increase in the coming months. The exploration, appraisal and development of all the blocks in which the company has an interest is being maintained, with six drilling rigs working.

Stated earnings per 25p share were 36.7p (loss 8.4p) at the halfway stage. The shares are traded on the USM.

Thomson Org. at £6.6m

A modest increase from £6.4m to £6.6m in pre-tax profits is reported by Thomson Organisation for the six months to June 30, 1985.

There was an extraordinary profit of £196.1m (£19m) representing the transfer of Thomson Regional Newspapers and Thomson Travel to wholly-owned subsidiaries of International Thomson Organisation, which is the ultimate holding company, in May.

The extraordinary item also includes results of Thomson Travel and Thomson Regional Newspapers up to the date of sale. The 1984 extraordinary profit arose from the sale of shares in Reuter's holdings.

First half turnover fell from £306.4m to £2[illegible]2m. Net operating costs were down from £296.1m to £224.1m, resulting in trading profits of £7.9m (£10.3m). The pre-tax figure was after net interest expenses of £1.3m compared with £3.9m. Tax was considerably lower at £1.4m

SHARE STAKES

Changes in company share stakes announced over the past week include:

Hazlewood Foods—Mr J. Lowe, chairman, has disposed of 200,000 shares leaving a balance of 1,581,070 (8 per cent).

Systems Reliability—R. D. Haden and H. Allsop, directors, have disposed of 100,000 ordinary each at 300p and both hold 3m (29.45 per cent). R. P. A. Whittaker and A. G. Evans, directors, both disposed of 150,000 ordinary at 300p and now hold 405,000 (3.848 per cent) each.

Berkeley and Hay Hill—D. Fitzgerald, joint managing director, has sold 2.5m ordinary shares.

Desoutter Brothers (Holdings)—The following directors have sold ordinary shares: R. C. Desoutter 110,000, C. R. Desoutter 30,000, M. J. Barnard 11,087, R. Fogg 13,210 and J. Fox 10,703.

President Entertainments—R. I. Earl, chairman and managing director, has sold 300,000 ordinary shares at 92p. He now holds 2.95m ordinary.

Smith Whitworth—Hereward Secs has disposed of entire holding of 887,000 shares (22.18 per cent). Mr B. G. Wolfson has resigned as a director. The shares were placed with clients of the ocmpany's stockbrokers.

FINANCIAL TIMES STOCK INDICES

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 13	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Government Secs.	83.39	83.19	83.25	83.25	83.15	82.94	83.87	78.02	127.4	49.18
Fixed Interest	88.65	88.56	88.56	88.40	88.35	88.33	88.81	82.17	150.4	50.53
Ordinary	1002.2	1007.8	1000.8	1002.7	1007.7	1011.9	1024.5	911.0	1024.5	49.4
Gold Mines	310.6	308.6	316.4	316.4	317.4	317.3	536.9	208.1	734.7	43.5
FT-Act All.Share	631.43	633.70	628.98	629.43	631.41	634.41	646.82	581.66	646.82	61.92
FT-SE100	1298.7	1306.8	1294.8	1296.0	1300.2	1308.8	1340.8	1206.1	1342.4	986.9

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RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§58	F.P.	9/8	65	58	✻ATA Selection 5p	64	.....	bg1.5	2.6	3.3	17.4
87	F.P.	6/9	88	69	✻Aberd'n Steak H. 5p	80	.....	ug2.2	2.0	3.9	18.1
¶ ¶	F.P.	—	£22	£19	Alex. & Alex. c. $1	£20¼	.....	—	—	—	—
§34	F.P.	20/9	41	35	Anglo Utd. Dev.	41	.....	bd1.55	2.1	3.6	18.4
—	F.P.	—	7	5	Bardsey Pfd. Ord.	7	.....	—	—	—	—
185	100	1/11	146	117	Britoil 10p	128	+1	t13.0	3.0	8.7	5.1
‖ ‖	F.P.	—	146	140	Business Mort. Tst.	140	.....	u1.51	3.9	1.5	24.0
§70	F.P.	20/9	75	69	Conrad Hldgs.	73	−1	bg3.5	2.2	6.9	9.7
§115	F.P.	6/9	130	118	ControlTechniques 5p	130	.....	bg2.7	2.7	3.0	15.
§51	F.P.	—	52	48	✻Dean Park Hotels	49	−1	—	—	—	—
‖ ‖	F.P.	—	123	93	Greenwich Resources	93	.....				
§80	F.P.	27/9	39	25	✻Israel (Jack L.) 4p	28½	−½	60.5	2.3	2.5	24.5
§79	F.P.	—	87	80	✻Kewill Systems 5p	84	−2	g1.2	4.3	2.0	16.3
§110	F.P.	6/9	115	98	✻Lewmar	115	.....	u2.625	5.0	3.3	14.2
§180	F.P.	—	184	170	✻Questel 10p	175	+5	bg4.0	3.5	3.3	12.6
150	F.P.	9/8	125	85	✻Sapphire Petm.50p	85	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.305	£30	—	30⅞	29⅝	Australia 9½% Ln. 2012	30⅛	+⅛
§91.443	£30	—	28¾	27½	Bank of Greece 10¾%Ln. 2010	28¾	+¼
§96.456	£26	27/11	26¾	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	26½	+¼
¶100	£10	—	13¾	13½	Eastbourne Water 8¾% Red. Prf. 1995	13½	.....
§98.324	£40	—	41¾	41½	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2018	41¾	.....
§97.617	£25	—	25¾	25¾	Evans of Leeds 11% 1st. Mort. Deb. 2025	25¾	.....
¶¶	F.P.	25/10	112	106	Guinness 8¼% Cnv. Uns. Ln. 1998/2001	108	.....
98.466	£30	24/1	51⅛	29⅝	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30⅛	+⅛
§100	F.P.	—	92½	84½	✻Memory Comp. 7.8% Cnv.R.Pf 1994/8	92½	.....
—	—	—	100	99⅞	Nationwide 11¼% Bds. 1/9/86	100	+⅛
—	F.P.	—	100	99⅞	Do. 11⅛% Bds. 16/9/86	100	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM180	Nil	—	90pm	56pm	BASF A.G. DM 50	90pm	.....
47	F.P.	—	60	55	Brit. Vending 10p	56	.....
48	Nil	—	17pm	14pm	Burns-Anderson 10p	15pm	.....
85	Nil	—	33pm	20pm	City Site Estates	30pm	.....
210	Nil	—	60pm	40pm	Emess Lighting	45pm	.....
11	Nil	—	¾pm	¼pm	Greenfield Slacks 10p	¼pm	−¼
62	F.P.	—	93	66	Greenwich Resources	93	+3
185	100	28/10	130	99	Hanson Trust	118	.....
5	Nil	—	7pm	7pm	Howard & Wyndham 5p	7pm	.....
15	F.P.	—	19½	17	RTD Group IR 1.75p	19	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖ Introduction. ✻ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*BSG Intl	Oct 1	Interim 0.35
*Bank of Scotland	Sept 25	Interim 6.25
*Barratt Devs.	Sept 24	Final 5.31
Bejam	Oct 17	Final 2
*Bilton (P.)	Oct 4	Interim 3.9
*British Home Stores	Oct 18	Interim 1.75
Brooke Bond	Oct 17	Final nil
*Combined Eng Stores	Sept 23	Interim 1.98
*DRG	Sept 24	Interim 3.0
Enterprise Oil	Sept 24	Interim 3.0
*Foseco	Sept 27	Interim 2.8
Gerrard and National	Oct 22	Interim 3.0
Gill & Duffus	Oct 24	Interim 4.0
Glaxo	Oct 8	Final 9.0
*Grattan	Sept 25	Interim 1.0
Hammerson Prop.	Oct 5	Interim 2.0
Harrisons and Crosfield	Oct 15	Interim 4.5
Hawker Siddeley	Oct 17	Interim 4.1
Higgs & Hill	Oct 10	Interim 4.5
*Ibstock Johnsen	Oct 7	Interim 2.5
*Inchcape	Sept 30	Interim 7.15
London and Northern	Oct 23	Interim 1.85
Marks and Spencer	Oct 23	Interim 1.08
*Menzies (J.)	Sept 23	Interim 1.125
*Mills and Allan Intl.	Sept 26	Final 10 0
*Minet	Oct 2	Interim 2.73
*NEI	Sept 24	Interim 1.65
*News Intl	Sept 24	Final 4.9943
*Octopus Publishing	Oct 1	Interim 3.6
*RMC	Sept 25	Interim 4 4
*RTZ	Sept 25	Interim 6.5
Raybeck	Oct 12	Interim nil
*Rugby Portland Cement	Sept 30	Interim 2.9
Samuel Prps.	Oct 23	Final 4.0
Sears	Oct 9	Interim 0.8
Scot Metropltn Property	Oct 5	Final 2.15
*Steetley	Sept 24	Interim 4.5
*Superdrug Stores	Sept 26	Interim 1.7
*Vickers	Sept 26	Interim 4.0
*Wimpey (George)	Sept 26	Interim 0.85

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims — Aidcom International, American Electronic Components, Bestson Clark, Berkeley Exploration and Production, W. Canning, Combined English Stores, Freemans, HB Electronic Components, John Menzies, Metalrax, Moss Bros, Pantherella.

Finals—Blanchards, Christy Hunt, Continental Microwave, Parker Knoll, Tor Investment Trust.

FUTURE DATES

Interims—
GT Global Recovery Inv. Tst. ...... Nov 22
Holt (Joseph) ...... Oct 1
Lamont ...... Sept 30
Marshall (Thomas) (Loxley) ...... Sept 26
Martin Currie Pacific Trust ...... Sept 24
Northern Securities Trust ...... Oct 30
Sandhurst Marketing ...... Sept 30
Sindall (William) ...... Sept 25
Sparrow (G. W.) ...... Oct 4

Finals—
Abingworth ...... Oct 10
Berry Trust ...... Nov 1
Mills and Allan International ...... Sept 26

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Sec. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.60%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

UK COMPANY NEWS

St. Ives putting up 2.3m shares in offer by tender

BY LUCY KELLAWAY

THE FULL prospectus is published today for an offer for sale by tender of shares in St Ives, a printer of colour books and magazines. NM Rothschild is offering 2.3m shares at 290p each all of which are being sold by existing shareholders.

Following the offer for sale, the company's chairman, Mr Robert Gavron and his family, who are selling 1.7m shares, will own 42.5 per cent of the company.

The shares being sold represent 27 per cent of the total, and at the minimum offer price, the company is valued at £18.3m.

St Ives was started in 1964 when Mr Gavron bought a loss-making printing company. Since then it has grown rapidly both organically and by acquisition. The company, which claims to be one of the leading colour printers in the UK, has seen profits grow at an average compound rate of 35 per cent in the last five years.

Pre-tax profits for the year to July 1985 are estimated at £2.5m on a turnover of £18.3m. This compares with £1.9m and £15.3m in the preious year. At the minimum price, the shares are being offered on a price-earnings ratio of 11.8, and assuming a dividend of 8p a share, the yield is 3.9 per cent.

Application lists open on September 26. Rowe and Pitman is broker to the issue.

● comment

The team that brought you Octupus Books by an offer for sale by tender two years ago is at it again. But as Mr Gavron, a director of Octopus as well as chairman of S Ives, would himself be the first to admit, the two should not be bracketed together, as printing is nowhere near such an attractive business as is publishing. Indeed, printing has often proved itself to be downright unattractive. St Ives, however, is coming to the market with an impressive track record: it has increased profits even in the worst years for the industry. This it has done by continually replacing outdated machines with the latest technology thus increasing margins and by acquiring a subsequently turning round a succession of distressed companies. The market may not like the fact that the purpose of the floatation is to allow Mr Gavron to cash-in part of his stake, but at least the company has the sense not to go raising money that it does not need to keep up appearances. *There is presumably a limit to how long St Ives can continue to expand at its present rate, but this seems to be given appropriate recognition in the minimum offer price.*

Falcon gives profits warning

PROBLEMS at its Elliott-Medway building division have caused Falcon Industries to warn that its 1985 results will be substantially less than its original expectations. Last year, the group made pre-tax profits of £1.03m.

In the second half of the year, the greater part of group profits normally comes from Elliott-Medway, but margins here have been squeezed and are expected to remain at a disappointing level throughout the rest of 1985.

This will lead to a poor level of profit for the year, the company warns.

Along with a reduction in first-half pre-tax profits from £660,000 to £531,000, and a halved interim dividend of 0.5p net, the company also announced a board restructure.

Mr R. W. Aitken is stepping down as non-executive chairman but will remain on the board as a non-executive director. Mr M. W. Hindmarch, who joined the board at the time of the Plantpak acquisition, has agreed to take over as full-time chairman and will also become group managing director.

Mr T. D. Leece, the present managing director, will become deputy managing director and finance director. Mr S. H. Kite will be responsible for the Jenks and Cattell division as managing director, while Mr P. Barker is resigning from the board, but continuing as managing director of Burgon & Ball. Mr D. Cheng resigned as a non-executive director last month.

Reviewing the outlook, the company explains that measures have been taken and are in the course of implementation, which will lead to improved margins and a progressive reduction in group borrowings. However, the result of these actions will not materially affect results for the year.

Government spending cuts have resulted in Elliott-Medway seeking business in different sectors of the market and this has produced lower margins than hitherto obtained. Every effort is being made to restore margins, but for the rest of the year they will remain depressed, the company states.

Proceeds from the sale of the investment in Mandarin Resources Corporation, should have been received during the half year, but at the request of the purchaser, payments have been rescheduled. The first instalment has now been received, and the company expects to receive the balance before the year end.

Group turnover for the six months rose by nearly 50 per cent to £21.23m, against £14.29m. Elliott-Medway sales showed a substantial increase reflecting the acquisition of Wyseplan in July, 1984. Operating profits rose from £308,000 to £345,000.

Jenks & Cattell (tools and engineering) and Burgon & Ball (tools) both increased sales, but while J & C almost maintained operating profits at £304,000 (£329,000), B & B's achieved margins were negligible and profits slumped from £234,000 to £23,000.

Further steps have been taken to rationalise production and to reduce unit costs, and investment has been made in progression tooling and more efficient plant. Product range is also being rationalised to eliminate low volume and slow-selling lines and to maximise the use of the company's resources.

Plantpak (horticulture) contributed £301,000 in the four months since its acquisition, a performance which the company says was excellent.

Group operating profits for the half year came to £973,000 (£871,000), before more than doubled interest charges of £442,000 (£211,000). After tax of £75,000 (£94,000) stated earnings per 25p share were halved at 1.7p.

FT Share Information

The following securities have been added to the Share Information Service:

Abbot Energy Corporation (Section: Canadians)
Aquarius Exploration N.L. (Mines-Australians)
Aztec Exploration Limited (Mines-Australians)
Consolidated Afex Corporation (Mines-Finance)
Lysander Petroleum (Oil and Gas)
Moss Advertising (Paper, Printing and Advertising)
Parrish (J. T.) (Trusts-Finance Land)
P & O 6.3 pc Conv. Red. Pfd. Stock (Shipping).

TECHNOLOGY

EDITED BY ALAN CANE

Jane Rippeteau reports on how weather forecasters are making their expertise pay

Outlook bright for UK weather men

JUST BEFORE play was to begin on centre court at Wimbledon on July 5, this year, referees at the championship event received an alarming telephone call. It was from the London Weather Centre and it alerted them that in 20 minutes it was going to start raining like mad.

Sure enough, along came that infamous, internationally-televised cloud burst that sent spectators scurrying and *threatened to end play for the* day on Wimbledon's sensitive grass courts.

"It was a crucial warning," recalls Richard M. Grier, championships director at Wimbledon.

The alert provided by the London unit of the Meteorological Office, headquartered at Bracknell, was made possible in part by the latest advances in centre's arsenal of weather forecasting technology—in this case, its touted "Frontiers" radar network for gleaning more specific information about *the location, intensity and* movement of rain. Excited by *such possibilities*—and pressured increasingly by the Government to pay its own way —the weather office is hoping to exploit its expertise to create a more significant, revenue-producing business. It has even hired a public relations agency and set up a staff of seven to support its effort. Particularly since the Office is concerned mainly with handing out information free to domestic and world networks, "we're on a learning curve," admits Francis Hayes, a marketing services executive.

The office already earns about £15m annually in fees paid by the *Civil Aviation Authority*, which helps distribute forecast data to the world's airlines.

But now, according to Met Office *officials*, a growing number of airlines are beginning to subscribe to a separate service which permits them to get access to data directly from the Met Office, rather than going through the CAA.

"Japan Air Lines signed up in July, and Pan Am is imminent," says *Colin R. Flood, assistant* director of Public Services and Civil Aviation. The office earns another £1.5m from sales to offshore concerns.

The Met Office is especially keen on reaching new markets among fresh food retailers, contractors and others for whom more specific weather information could have important economic benefits.

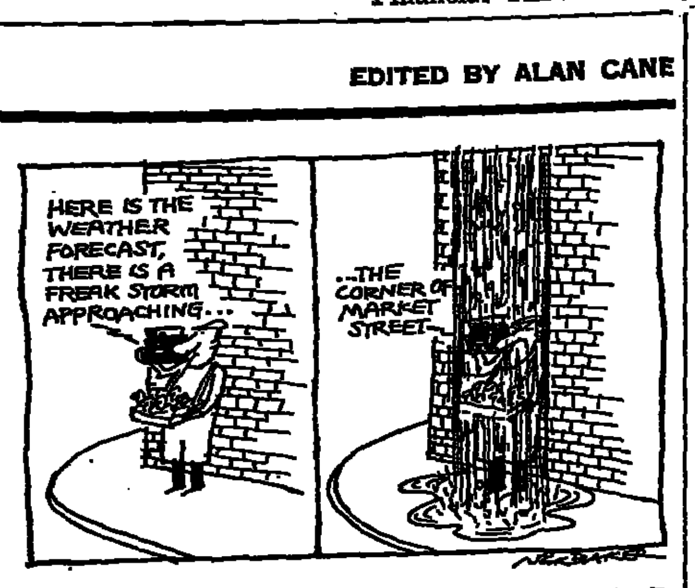
One enthusiastic convert is *advertising executive Michael* Warhurst. As administrator for television in the *London* office of J. Walter Thompson, he has to worry all the time about whether and where it will be safe to send out a crew to shoot a commercial — and he tries to minimize the amount of insurance he routinely has to take out through Lloyd's to cover cancelled shoots.

About a year ago, he signed up for a service that allows him to consult directly with a *Met Office forecaster*. He tapped in just last Wednesday concerning *a commercial he has to* shoot in Eastbourne. "I asked whether they'd advise Friday or Monday," he says. The weekend, which was supposed to be glorious, was out because of overtime charges. "They said by Friday it would start to become bright, but that by Monday there will be another low coming up from the southwest. We'll shoot Friday." He declined to discuss any occasions when the forecasts were dead wrong.

Indeed, because the forecasts are so often off, it may seem laughable *to many that the* weather service could make any money *selling* them. The difficulty of predicting the weather in *England*, and *its* changeability, stem largely from the vagaries caused by the ocean to its west.

Yet meeting that challenge has turned England's Met Office, along with the European Centre for Medium-range Weather Forecasts, into what some consider the premier weather centre in the world. The European Centre, in nearby Reading, was set up ten years ago specifically *to attack the problem of* predicting the weather in Europe up to ten days *ahead*.

Says Dr Jerome Namias, research metereologist at the Scripps Institution of Oceanography in California: "Certainly in terms of shorter-period forecasting, the work done at the *British* Centre in collaboration with the European Centre *is . . . the best in the world*. They have taken the ball and run with it."



One area of expertise that outsiders point to is in the development of mathematical *models to speed the processing* of information and make the output more precise. The availability *of supercomputers*, used in the U.S. and at both the Met Office and the *European* centre, now power the field of so-called numerical forecasting. But each centre develops its own programming. The Met Office's global model, which has attracted so many airline *customers, consists of a grid of* some one-third million observa*tion points multiplied by six* factors every single time it moves 15 minutes *into the* future.

The refining of these models is an on-going adventure. Right now, *for instance*, Met Office *mathematicians are working on* a model that will resolve *features down to 10 km from* the *70km size now used*. To achieve such resolution, one must retain certain data *that* would normally be filtered out in order to simplify the calculation for the computer.

In this case, the data typically filtered out is that for sound waves, so complex that they overwhelm the computer and obscure the weather data *sought*. A way had to be found to cope with the sound waves. A *working model* has now been developed, making possible the *observation of such* smaller-scale phenomenon as a sea *breeze*.

Other mathematical techniques developed by the centre have contributed to the accuracy of forecasting. The Met Office claims that today only 13 per cent of its one-day global forecasts are inaccurate, whereas half were in 1968. *Today, it says*, three-day predictions are as good as two-day *ones* were 10 years ago.

INFRA-RED TRICK HELPS TO SPOT THE FOGGY PATCHES

AT 2.20 AM one night in August 1981, the river valleys of north-west France were fog-bound. It was especially bad around Rouen—or so say *the scientists at England's* Meteorological Office.

***They admit they did not* know for sure. But by 1989 or before, using *satellite* temperature data massaged through a high-powered computer system, they expect not only to explain past phenomenon but to be able to deliver short-term forecasts of where such hard-to-predict weather hazards as fog and frost will *occur in areas as small as a* few kilometers in size. Such information could be invaluable to road safety as well as airline and sea travel.**

***Although insufficient data* communications capacity makes the project unfeasible at the moment, Met Office scientists believe they have resolved a key technical stumbling block. The problem of predicting fog at night, explains John Turner, manager of the *program* called Hermes, is that foggy *areas tends* to be close in temperature to clear areas, and so *invisible to* infra-red detection. "We developed a little trick," says Turner.**

"The infra-red radiation from water droplets in fog is very slightly different from the *heat from clear ground*." The difference is measured by using two *different locations* on the infra-red spectrum, and the part that emits heat less effectively is denoted fog.

Turner calls up another *screen on* his color-coded terminal. It is of Cornwall, and *precise enough to show* the hills of Dartmoor. Just offshore, in shades of grey, a wide bank of fog could be seen creeping ominously near. The good news: that was months ago.

Why talking to computers could catch on

THE Society for Worldwide Interbank Financial Telecommunications (Swift) revolutionised international banking when, in 1973, it introduced a new way of arranging money transfers between banks.

It set up a secure, efficient data network and insisted that its members sent their payments messages in a standard format which left no room for ambiguity.

But 12 years on, and with the second *phase of Swift* development about to go live (see this page, September 19), large numbers of international transfers still arrive as free-form telexes which must be read and processed manually by banking staff.

Substantial savings in time *and money are forecast if these* telexes could be scanned and converted to a standard format automatically — so substantial, in fact, that the scanning of these telexes is thought to offer the biggest and quickest return on investment in a technology known as "natural language *processing*."

This means the development of systems which can handle instructions or information in English or any other language rather than the codewords and stilted English-like languages used *today*.

Cognitive Systems of New *Haven, Connecticut and* Carnegie Group of Pittsburgh, Pennsylvania, seem to be the leaders in this activity. Cognitive is, in *fact*, due to begin selling a telex content scanner called Atrans this autumn. The tasks such a scanner has to carry out involve identifying the roles *of each bank involved in the* transaction, differentiating payment amounts, dates and test keys, identifying the appropriate Swift message category and, quite possibly, changing the text of the message from one language to another.

Human operators will still have to be on hand to check and correct the decoded messages, Cognitive concedes, but it still argues that labour costs using Atrans would be dramatically reduced.

Its research predicts that telex content scanners could reduce staff levels by 88 per cent with a significant rise in accuracy.

Examples of this kind are the chief reason why natural language processing is thought to have a rosy future—in spite of its slow growth to date.

But just as with biotechnology and artificial intelligence, the richest pickings will accrue to the patient. It is still jam a few years off, rather than jam tomorrow.

Nevertheless, experts who have studied the development of natural language processing have detected a new and signifi*cant* increase in activity, especially in the U.S.

Mr Tim Johnson, a former senior consultant with Logica who recently completed a major report, *Natural language computing: the commercial applications*, argues that the dissemination of computer power to *non-data processing* professionals through the advent of desk top micros, electronic mail and word processing has generated a need for a more human interface between man and machine.

"*Most* important *of all* are the recent rapid advances towards realisation of a practical talkwriter — a machine to accept *human speech and tran*scribe it into machine-readable form — word processor text, perhaps, or commands to a database."

He goes on: "Voice recognition systems which can accept *spoken commands in the form* of isolated word or phrases are already well *known*. In 1984, IBM demonstrated a talkwriter which can transcribe complete business letters with a vocabulary of 5,000 words.

"*There are at least seven* more projects working towards similar but more advanced systems in the U.S., the UK and Japan and the first sample products will probably be delivered in 1986."

What are these products likely to be used for? Mr Johnson identified six chief categories in addition to content scanning, which *found* application in reading banking telexes.

The first is gaining access to databases held on mainframe and mini computers. Several *hundred systems* of this kind have already been installed. A *typical example could* be *on* a foreign exchange dealer's desk, where one or two words of command are sufficient to call a page of financial information to the screen.

Second is a similar human interface to a database held on a microcomputer. Third, dialogue between human and computer—an example is the Vodis project aimed at providing a telephone enquiry system at Cambridge. Funded as part of the UK's Alvey programme *to* support advanced computing research, the prototype is based around train time-table enquiries.

A fourth application is text editing; with a nod in the direction of the Newspeak of George Orwell's 1984, Mr Johnson ob*serves that text editors* could play a part in a Corporate *Language System providing con*sistency of vocabulary. "Imagine a company which could not even consider new ideas or new crises because the necessary 'semantics had not been entered in the corporate language system."

Fifth *is* machine translation, an area where a number of products have been in use since the 1960s, and sixth, the talkwriter.

Mr Johnson has constructed a model which suggests that if the *U.S.* natural *language* processing community is to fulfill its predicted growth rate, it will need more than $250m in investment capital before interest charges by 1990.

ALAN CANE

Enlarger for High St mini-labs

MAXIPRINT Systems of Dorset has introduced a colour enlarger which, it claims, produces high-quality photographic enlargements from negatives more cheaply and quickly than by *other* methods.

The machine has a processing unit and rapid dryer controlled by a microprocessor. Its sensor-controlled filter and exposure *system* are said to be matched to suit variations in paper *characteristics* and in the low-density colour-correction negative masks *now in general* production.

Maxiprint Systems expects to find its biggest market for the enlarger among High Street mini-laboratories.

More on-screen information from Reuters

REUTERS, the news and information organisation, has launched an additional on-*screen service* for subscribers to its Reuter Monitor international equities and UK investment services.

Based on *information* from 30 market-makers in six European countries, the service now offers continuously updated net prices for a wide range of international stocks.

Subscribers can access information directly from market-makers' own pages and from a series of 66 multi-contributor pages made up of prices abstracted from a number of the individual market-maker pages and posted *to a separate*, single stock page.

So far, nearly *half* the market-makers have agreed to their quotations being displayed on the single-stock pages.

Reuters hopes *to* add more market-makers and stocks to its *coverage*.

INTERNATIONAL APPOINTMENTS

Bank of NZ names head of department

BY DAI HAYWARD IN WELLINGTON

THE Bank of New Zealand has appointed Mr Donal Curtin to head its economics department in Wellington. Mr Curtin's position will be known as international economist. His special task will be to keep the bank informed of economic developments overseas and to use this information as a basis for forecasting international financial conditions.

Mr Curtin was previously a ministerial economic advisor in Dublin. He has worked as an exchange rate forecaster in London and is a financial journalist in Tokyo. His most recent position was editor of the Euromoney bank report.

* * *

AMFAC, the U.S. diversified company with interests in wholesale distribution, food processing and retailing has accepted the resignation of president and chief executive officer Mr Myron Du Bain, reports Reuter from San Francisco.

Mr Ralph A. Van Orsdel, a members of the board, will serve as president and chief executive officer while the company searches for Mr Du Bain's successor.

AMFAC has also appointed Mr Ronald Sloan to the new position of chief operating officer.

* * *

COPENHAGEN Handelsbank, a leading Danish bank, has appointed Ms Lisbeth Melkiorsen deputy manager and head of the spot section of the foreign exchange department. It is the first time a Danish bank has appointed a woman as chief dealer.

Mr Hosam Baroudy has been appointed head of the bank's treasury division. Mr Baroudy joined the bank in 1984 as foreign exchange manager.

Mr Soeren Moeller Nielsen has been appointed a managing director and joins the board of general management which controls the bank's business-related activities.

* * *

L. M. ERICSSON TELEFON, the Swedish telecommunications and information group, has appointed Mr Lars Berg head of its cables unit from October 1, reports AD-DJ from Stockholm.

Mr Berg, who is president of Ericsson Radio Systems Sweden, will succeed Mr Jan Stenberg, who became president of Ericsson's largest division, public telecommunications, earlier this year.

Ericsson Cables is the group's third largest division. It makes telecommunications cables, power cables and optical fibre cables.

* * *

CONTROL DATA Corporation, the U.S.-based suppliers of computer services and systems, has named three new directors, increasing the size of its board to 21 members, reports Reuter from Minneapolis.

The three men are Control Data executives: Mr Robert W. Duncan and Mr Henry J. White are senior vice-presidents, and Mr Lawrence Perlman is president of Peripheral Products, a Control Data subsidiary.

A company spokesman said the appointments were not related to this year's expected losses in computer operations.

* * *

Mr Leland Brendsel, aged 43, has been appointed acting chief executive of the Federal Home Loan Mortgage Corporation (Freddie Mac), a U.S. Government sponsored agency which housing market.

Mr Brendsel, who has been Freddie Mac's chief financial officer since 1982, is taking over from Mr Kenneth J. Thygerson, aged 39, who will become president and chief executive officer of the San Diego-based Imperial Corporation of America on September 16. Imperial is a $8.5bn asset savings and loan holding company which has branches in California, Kansas and Colorado and mortgage banking offices throughout the U.S.

Freddie Mac, which is a publicly chartered corporation whose preferred stock is owned by savings institutions across the U.S., has been growing rapidly under Mr Thygerson, who took over as chief executive in 1982, its assets have jumped from $40bn to $100bn.

Since it was established in 1970 Freddie Mac has purchased $119bn in mortgages and sold $108bn in mortgage securities in the form of mortgage participation certificates (PCS) and collateralised mortgage obligations (CMOS).

Mr Leland Brendsel has spent most of his career in quasi-governmental roles. He was financial economist at the Farm Credit Banks in Washington and is a former member of the University of Utah's finance faculty. Before joining Freddie Mac he was vice president and chief economist of the Federal Home Loan Bank of Des Moines, Iowa.

Mr Edwin Gray, who heads the Federal Home Loan Bank board and is also chairman of Freddie Mac, says that Mr Brendsel was "directly responsible for introducing the innovative collateralised mortgage obligation (CMO), issuing the 15-year "gnome" mortgage participation certificate (PC), as well as the multi-family PC, and heading the first conversion of a mortgage-backed security to book-entry.

* * *

WANG LABORATORIES, the Massachussetts computer concern, said executive vice-president Jon F. Kropper has resigned, effective October 1, to become president and chief operating officer of Hadco Corporation, a Salem, N.H., producer of printed circuit boards. Hadco is a Wang supplier.

* * *

MR HERVE HERBERT has been appointed chairman of Fiducie du Quebec, a Quebec trust company, reports Reuter from Quebec.

Mr Herbert, who is president of the company, replaces Mr Joseph Bourbeau.

Mr Herbert will serve a two-year term.

* * *

PSA, the U.S. holding company whose principal operation is Pacific Southwest Airlines, has named Mr J. P. Guerin chairman.

Mr Guerin, who is PSA's largest shareholder, fills the position which has been vacant since the death last year of Mr William Shimp.

* * *

Mr Hugh Parry is appointed to the board of INTERNATIONAL LEISURE GROUP as group financial director, succeeding Mr Peter Woodward. Mr Robert Smart, group financial controller, becomes executive director of corporate planning and development. Mr Woodward, deputy chairman, will continue in his key role of developing the diversifying group, monitoring overall financial performance and controlling all treasury matters. Mr Parry is finance director of all ILG operating companies. He is also responsible for the EDP functions within the group.

* * *

CHEMICAL NEW YORK Corporation, the U.S. bank holding company, has named Mr Richard Simmons as vice-chairman of the corporation and Chemical Bank, its principal subsidiary.

Mr Simmons, who is deputy presiding partner in the Wall Street law firm Gravath, Swaine and Moore, has been an adviser to Chemical for 20 years. He will be responsible for business expansion at the corporate level and for Chemical's legal and governmental affairs.

* * *

THE BANK OF TOKYO, Japan's only specialised foreign exchange bank, has announced vice president Mr Minoru Inoue will replace Mr Yasushi Watanabe as president.

Mr Watanabe, 65, expressed a wish to resign as president for reasons of ill health. He has been admitted to hospital for treatment of pneumonia.

Mr Inoue, 61, was named vice president in December 1980.

UK APPOINTMENTS

Senior changes at Samuel Montagu

Mr Chris O'Malley has been appointed an executive director of Samuel Montagu and Co. As head of fixed and floating rate note sales, he is responsible for teams in London, Hong Kong and Tokyo. He is also a director of Samuel Montagu (Suisse) S.A., Geneva. Mr O'Malley was formerly head of fixed interest sales at Credit Suisse First Boston in London. He joined Samuel Montagu in May 1985.

Mr Clive Badcock has also been appointed an executive director of SAMUEL MONTAGU AND CO, with specific responsibility for credit and risk management. He joined Samuel Montagu in joined Samuel Montagu in August 1985, having served at Grindlays Bank for 13 years in Europe and the Far East.

Mr Christopher Maytum, until recently first vice president of Bache Securities in New York and executive vice president of Bache Securities (UK) Inc, is to join the board of COUNTY BANK as director and head of trading in the capital markets division.

*

Mr Charles Allsopp and Mr Noel Annesley have been appointed deputy chairmen of CHRISTIE, MANSON & WOODS, the principal subsidiary company of Christies International in the UK. Mr Allsopp, is the director responsible for house contents sales and valuations. Mr Annesley, an expert in drawings, will now assume responsibility for all expert departments.

Mr Harry Taylor, who has joined DELOITTE HASKINS AND SELLS as a consultant on banks and financial institutions, recently retired as president of Manufacturers Hanover Corporation.

*

Mr Sandy MacGill has been appointed commercial controller of KELLOCK FACTORS in Reading. He will have prime responsibility for Kellock's new business department, acting through the Scottish office as well as five other branch offices.

*

GEORGE WIMPEY. Mr Roger S. Neill becomes finance director of Wimpey-Dubilier, the electronic components business acquired earlier this year from Dubilier. He was formerly planning co-ordinator with Wimpey's corporate development unit. Dr Michael E. Cleverly has been appointed a director of Wimpol, the Swindon-based subsidiary specialising in offshore surveys, navigation services and electronic systems. Dr Cleverley was previously managing director of Burndept Electronics, part of the FKI Electricals Group.

*

Mr Richard Hazell, managing director of Three Quays Underwriting Management, has been appointed to the board of CATER ALLEN HOLDINGS.

*

Mr Leon Fisher has relinquished his position as director of ALLIED CARPET STORES to pursue his personal business interests.

*

Mr David Crellin, who joined the main board of SUPRA GROUP as financial director and company secretary, was previously financial director of Scotcade and Tower Housewares.

*

FRANK RUSSELL INTERNATIONAL. Mr Michael Phillips currently managing director of the London office, is to become head of Frank Russell International and will move to the head office in Tacoma, U.S., in January 1986. Mr Donald Hardy, at present on secondment in London, will remain here for a further three years to run the UK and European business and will become managing director, Europe. Mr Nicholas Day has jointed the London office and as a director of the London operation will in due course be responsible for UK consulting relationships. Mr Donal Botkin, at present head of international research in Tacoma, will in future head the development of Pacific services and client base, and will continue his roles in manager research, R&D and international strategy.

*

CAMBRIDGE CAPITAL announces the appointment of Mr Gordon Montgomery, as associate director. He was previously with Gresham Trust. Cambridge Capital was founded in May this year by its managing director, Mr Francis Madden, who was recently joined by Mr John Goodger. The other directors are Mr Andrew Hugh Smith, senior partner of stockbrokers Capel-Cure Myers; Mr Anthony Hambro, a director of Grindlays Capel-Cure Holdings and Mr Brian Smale-Adams, Bursar of Clare College, Cambridge.

*

HEWLETT-PACKARD has appointed Mr Roger Cooper as general manager, office productivity division, replacing Mr Bob Kadarach, who has returned to the U.S. after starting the division in 1980. Mr Cooper joined the London office and as as a systems engineer. He became UK computer systems group manager in 1979, moving to Geneva as European Sales Manager four years later.

Mr John Tomlinson has been appointed chief executive — UK media sales of the TAYLOR HARRISON GROUP. He was media regional director of the south of England.

*

Mr Alan Ogden is to succeed Mr Jasper Archer, as managing director of CHARLES BARKER CITY, responsible for public relations. Mr Archer will be leaving the company in the New Year to join Grandfield Rork Collins Financial.

*

Mr L. A. Locke has joined M. V. HOWELL ASSOCIATES as a director.

*

Mr Tom Arnold MP, has been appointed as a director of SCOTTS RESTAURANT.

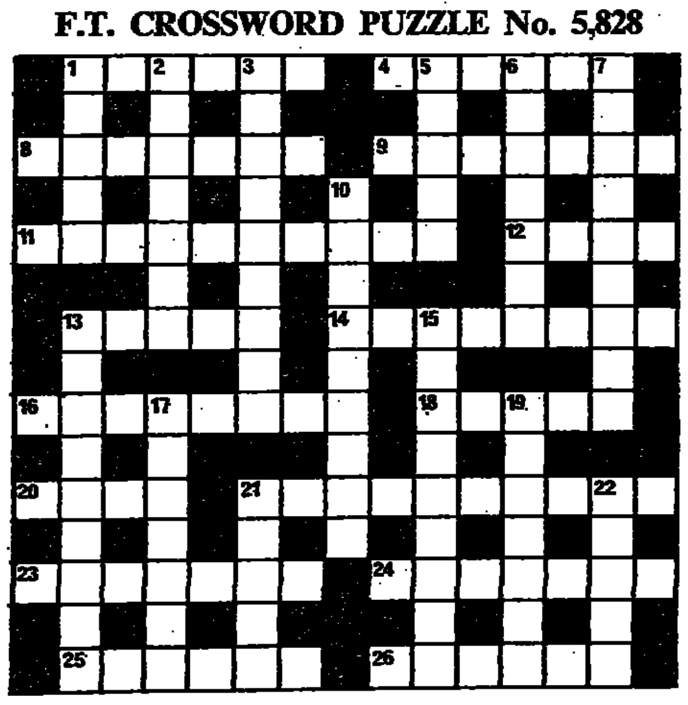
*

Mr G. L. Corlett, chairman and managing director of Higsons Brewery, has been appointed a non-executive director of BODDINGTONS' BREWERIES, as foreshadowed at the time of the offer to acquire Higsons. Mr Corlett will retire as managing director of Higsons on September 30, but will continue as chairman.

*

Mr Roger Hewitt has joined the board of SHANKS & McEWAN LTD, the civil engineering and waste disposal group, from Browning Ferris.

F.T. CROSSWORD PUZZLE No. 5,828



ACROSS

1 Soft illumination leads to engagement (6)
4 Spent two notes at the charity "do" (6)
8 Schoolboy expression results in tears (7)
9 Bolt from an argument (7)
11 Trippers may go to see something cheekily displayed by ladies (6, 4)
12 Natural reaction of garages running out of gas (4)
13 Set for one road diversion (5)
14 Proverbially remains cool, though often framed (8)
16 He will appreciate people with good taste (8)
18 A once-rough sea (5)
20 A case for sewers (4)
21 Waylay Rose, perhaps (10)
23 The upper hand (7)
24 Bow tie? (7)
25 Continue being eager to hold work back (4, 2)
26 Lower form emend a composition (6)

DOWN

1 Put in charge (5)
2 I'm given money to hold legally (7)
3 Is it used to keep a beehive hairdo in place? (9)
5 Opera socially acceptable in Lent, for example (5)
6 A murder suspect, one hears (3-4)
7 Always on the go, is Ivy! (9)
10 Enter the financial market, or just think about it (9)
13 Dish of rooks part-cooked (5, 4)
15 Drink may be bought in bars (9)
17 I have innate artlessness (7)
19 There are two points he can possibly raise (7)
21 Be on a wild binge (5)
22 Rise late—about one will be right (3, 2)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.41		...	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.03		+0.11	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.21			—
Dynamic Gwth Fd	$8.30		+0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	11.50		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fund	11.13	8.55	12.34	Mth
7-day Fund	11.44	8.55	12.48	Mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fund	11.28	8.45	12.40	6-Mth
7-day Fund	11.39	8.57	12.53	6-Mth
Dollar		6.81	—	6-Mth
Money Mngt. Acct	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh, EH2 4DF			031-225 8484	
Full Service Cur Acc	11.25	8.00	11.93	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	11.25	8.41	12.98	Qtr
Mth. Int. Chq.	11.125	8.34	12.56	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	11.00	8.22	12.18	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL.			01-588 2777	
Cater Allen	11.13	8.33	12.34	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	11.13	8.29	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-748 9251	
Money Market Plus	—	9.57	14.20	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.20	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc	11.50	8.59	12.08	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS.			01-626 1500	
HighIntCheque Account	11.25	8.25	12.32	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
H.I.C.A.	11.125	8.31	12.95	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8655	
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Chandartons)				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9AA			031-557 0201	
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	10.70	8.00	11.09	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol.			0272 732241	
Demand Acc	11.17	8.35	12.47	Qtr
Money Acc	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	10.90	8.15	12.50	Mth
Over £10,000	11.15	8.33	12.60	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc	11.81	8.83	13.04	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	40
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Debenhams	32	**Property**	
Distillers	36	Brit Land	14
FNFC	12	Cap Counties	20
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brist. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
22 May 22 Nov	Exch. 12¾pc 1985	[illegible]	15.4	12.25	11.70
25 Aug 25 Feb	Exch. 11¼pc '86	[illegible]	19.7	11.72	11.00
11Oct 11Apr	Treas. 10pcCnv 1986	[illegible]	4.9	10.05	11.05
19 Nov 19 May	Treas 3pc 1986	[illegible]	12.4	3.11	9.11
19 Nov 19 May	Exch. 10½pc Cv '86	[illegible]	12.4	10.54	11.06
12Dec 12Jun	Treas 12pc 1986	[illegible]	7.5	11.93	11.00
10 Jan 10 Jul	Treas 8¾pc 1984-86‡‡	[illegible]	3.6	8.65	10.70
29 Apr 29 Oct	Exch. 14pc 1986	103	25.3	13.59	10.96
21 May 21 Nov	Exch. 2½pc 1986	94¼	15.4	2.65	7.74
22Jul 22Jan	Exch. 13¼pc 1987	102½	17.6	12.87	10.72
10 Aug 10 Feb	Treas 10¼pcCv '87	99⅛	4.7	10.31	10.68
24Aug 24Feb	Exch 2½pc 1987	92¼	18.7	2.70	7.98
6Oct 6Apr	Exch. 10½pc 1987	99½	2.9	10.52	10.70
1 Nov 1 May	Funding 6½pc '85-87‡‡	94¼	25.3	6.89	10.46
12Dec 12Jun	Treas. 10pc 1987	98¾	7.5	10.12	10.73
14Jan 14Jly	Treas 3pc 1987	91½	7.6	3.28	8.34
3May 3Nov	Treas. 12pc 1987	102⅛	27.3	11.75	10.79
26 Jul 26 Jan	Treas 7¾pc 1985-88‡‡	94⅝	19.6	8.19	10.35
10Nov 10May	Exch 10½pc '88	[illegible]	3.4	10.54	10.67

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		Malamet Hldgs 10p	38	—				
Apr.	Oct.	Man. Ship Can. £1	385	25.2	—	—	—	♦
Oct	Apr.	Marley	85	2.9	5.5	3.5	2.0	20.2
Feb.	Oct.	Marling Ind. 10p	97	29.7	3.75	2.2	6.3	10.3
Dec	June	Marshall L'ey. 'A'	88	29.4	d2.5	5.1	2.2	12.4
Jan.	July	Marshall's Universal	60	5.6	2.4	4.9	4.3	5.7
June	Dec.	Do. 7½pcCnRedPf £1	82	0.7	7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
—		Mathesons 7¾%	£99	30.6	Q7¾%	2.3	7.9	—
—		Mattesprint 1p	22	—	—	—	—	—
Jan.	June	Metal Box £1	495	17.6	17.25	3.1	5.0	7.4
Nov.	June	Metal Closures	114	16.9	6.7	2.0	8.4	7.1
—		Metal Sciences 2½p	6	—	—	—	—	—
July	Jan.	Midland Marts	80	1.7	4.0	2.1	7.1	9.6
Jan	May	Mitchell Cotts	59	25.3	†4.0	1.5	9.7	8.4
Jan.	July	Morgan Crucible	195	29.4	†8.0	1.6	6.0	13.1
	May	Morris (W) F.A. 20p	32	—	g0.5	♦	2.2	♦
Jan.	Aug.	Moss (Robt.) 10p	115	5.6	3.0	2.5	3.7	12.7
	July	Mysen Grp 10p	64	13.5				
Nov	June	MMW Computers	255	29.4	g2.5	3.4	5.6	12.2
Mar.	Sept.	Nash Inds.	33	14.1	b4.8	2.7	2.7	19.6
Oct.	April	Neil & Spencer 10p	18	3.81	†2.5	1.5	‡	7.6
Jan	July	Newman Inds 10p	34	12.79	♦	—	—	5.4
April	Oct.	Norton	42	29.7	—	—	—	(16.1)
Jan.	Aug.	Norcros	183	15.7	0.17	4.5	4.0	8.1
Oct.	Apr.	Nu-Swift 5p	48	5.6	8.6	2.2	6.7	9.1
Feb.	Aug.	Oakwood Grp.	105	15.7	3.0	1.6	8.9	9.2
Jan.	June	Office & Elect	243	5.6	†d4.5	1.4	6.1	15.4
—		Oldacre 20p	75	12.8	7.5	2.4	4.4	13.3
—		Optometrics $0.01	49	—	4.0	2.6	7.6	6.7
May	Nov	Oriflame £1	485	25.3	md02d	—	3.2	—

LEISURE—Continued

INSURANCES

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Centennial Min's.	185	—	—	—	—
—		Colby Res Corp.	65	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	380	15.7	Q36½c	3.9	6.6
—		Emmex Int. Ir10p	38	—	—	—	—
Sept	Feb.	Hampton Areas 10p	132	29.7	3.75	0.9	3.8
—		Highwood Res.	165	—	—	—	—
May	Aug.	Homestake Mining $1	£18¼	22.5	Q20c	—	7.9
—		McFinley Red Lake	190	—	—	—	—
—		Musto Explorations	275	—	—	—	—
—		New Sabina Res C$1	35	—	—	—	—
—		Northgate C$1	250	777	—	—	—
Jan.	July	RTZ	550	13.5	20.0	2.7	5.2
Jan	July	Do. 9½pcLn '95-2000	£124	13.5	Q9½%	14.0	7.6
—		Tara Expln $1	975	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	99	.....	Arnott	205	.....
Craig & Rose £1	700	.....	CPI Hldgs	62	.....
Finlay Pkg. 5p	65	.....	Carroll Inds.	140	+2
Higsons Brew	235	.....	Dublin Gas	73	.....
Holt (Jos) 25p	730	.....	Hall (R. & H.)	62xd	.....
IoM Stm. £1	90	.....	Heiton Hldgs.	23	.....
IRISH			Irish Ropes	46	.....
Fund 13¾% 1988	£101¼	.....	Jacob (W.& R.)	80	.....
Nat. 9¾% 84/89	£97⅞	.....	Unidare	109	.....
Fin. 13% 97/02	£107⅞	-¼			

"Recent Issues" and "Rights" Page 26
(International Edition Page 24)

CONSTRUCTION CONTRACTS

£75m French Kier work

The FRENCH KIER group has won contracts worth £75m, with work worth £45m going to French Kier Construction and £30m to William Moss Construction, the building company it acquired earlier this year.

The contracts show how the group's work has moved away from a predominance of civil engineering to a new emphasis on building.

The largest of the contracts awarded was to French Kier Construction, £15.8m for St Mary's hospital in the Isle of Wight.

Other contracts awarded to French Kier Construction include a multi-storey car park for Epsom and Ewell Borough Council; alterations to the Moat House International Hotel in Stratford upon Avon for Queen's Moat Houses, and to the Ladbroke Hotel in Warwick; and an office block at Colne Works for Wyndham Investment. Other clients include the BBC, Sun Alliance Insurance, British Airways, Shell UK Oil and British Gas Corporation.

"We are known as the civil engineering company, but have had to change our business emphasis over the last two years to concentrate on building as the amount of heavy civil engineering work in the UK has diminished," said French Kier Construction's managing director Mr Richard Allen. "We had to change direction because there were more opportunities in building."

The shift away from civil engineering work—largely as a result of cutbacks in public spending—has also meant a change in the type of services demanded by clients, and in the way the company wins contracts.

"As we get more private sector clients we get more emphasis on being able to provide a service as well as getting jobs on competitive tender," said Mr Allen.

"They want to be assured they will get their job on time by seeing examples of other jobs we have finished. They want to know exactly which staff will be on the contract and make sure they have the right blend of experience and make sure there will be no conflict of personalities. It was not always like this."

The acquisition of William Moss earlier this year was part of French Kier's plan to take advantage of the growth in building work.

Contracts awarded to William Moss include refurbishment work to create new offices and shop units for hte Imperial Group in Bristol; a town centre for Raglan Property Trust at Witney; a new headquarters for R. A. Lister at Dursley; a storage building and offices for British Telecom; and a retail home improvement centre for Texas Home Care at Loughborough.

£22m road projects

Two road construction contracts with a combined value of £22m have been awarded to companies within CEMENTATION, civil and specialist engineering division of Trafalgar House. The largest, at £17m, for Cementation Construction, is for contract 3 of the South Woodford-Barking Relief Road, part of the A406 improvements. Being built for the Department of Transport, the contract comprises the construction of 4.1 km of dual three lane, dual two lane and slip roads, plus two major viaducts totalling 700 metres, to carry the road over the London-Tilbury and London-Southend railway lines, and the A124 trunk road.

The second contract has been awarded to Dowsett Engineering Construction by Dorset County Council to build the Weymouth Town Centre relief road. Valued at £5.25m, the road is conventional single carriageway, 9.3 km long

Wimpey wins £20m Scottish orders

The WIMPEY GROUP has won orders worth £20m in Scotland. Heading the list is a building contract for a psychiatric unit and day hospital at Parkhead, Glasgow, for the Greater Glasgow Health Board. The contract, valued at more than £3.82m, is for a three-storey main building in Duke Street, with 120 beds and 30 places for day-care patients. Attached to it will be a single-storey block housing the kitchen, boiler house and related services. A detached, single-storey structure will provide lock-up facilities and a store area. The main three-storey block will be built in structural blockwork, with precast concrete floors on ground beams and piled foundations. The roof will be of felt-covered metal decking and external facades will be mainly of facing brick. The unit is due to be handed over to the health authority in March 1988.

Three contracts, with a total value of almost £3.5m, have been awarded to George Wimpey UK, Scottish region. Largest is a £2m refurbishment job for Stewart Nairn at 200 St Vincent Street, Glasgow, which is being up-graded to provide eight floors of modern offices in this prime business area. Wimpey will also be responsible for associated plant rooms, basement parking for 200 cars, and ancillary services. When completed in January 1987, the St Vincent Street development will provide around 5,620 sq metres of floor area. The second contract is at the Royal High School, Edinburgh, where the company is to build two single-storey extensions, to provide additional classroom space and staff amenities. Work, which will cost about £716,000, is being undertaken for Lothian Regional Council

Midlands hotel plan

Contracts worth £12.7m have been awarded to HENRY BOOT. Further progress at the multi-million pound Paradise Circus redevelopment scheme in Birmingham centre has seen the Midlands office of Henry Boot Southern start work as managing contractor on the construction of the £8m Caledonian Hotel. The four-star hotel will be in an eight-storey building on the Paradise Circus island site and will provide 215 bedrooms, function rooms, restaurant, bars, swimming pool, health club, reception rooms and car park. Clad in blue tinted curtain walling, the hotel is scheduled for completion in May 1987.

Other work includes the construction of a pedestrian link, access road, paved areas and other infrastructure aspects of the Paradise Circus scheme, which is a joint venture between Birmingham City Council and Henry Boot Developments. Henry Boot Southern is also undertaking the £600,000 design and fitting out of the "Fletcher's Walk" shopping mall and its 14 shop units at Paradise Circus. Work will be completed by January 1986.

A £3.1m contract has been received for the construction of a 3,200 sq metre single-storey clinical unit at Walsgrave Hospital. Work on this steel-framed structure is programmed for handover in December 1986. Henry Boot Southern is constructing a steel-framed, single-storey office and amenity at the BP O'l terminal on the Isle of Grain, Kent. Externally, a car parking area is planned together with renofrced concrete paving.

Conference facilities

SIR ROBERT McALPINE & SONS has been awarded a contract valued at about £2m by Shell International Petroleum Company to build additional conference facilities at the Lensbury Club in Broom Road, Teddington. The two-storey building with plant room above, on isolated concrete column bases 2 metre square with a ground bearing slab base under the theatre area, will be of reinforced concrete and steel framed construction with brick cladding. On completion, the conference centre will provide Shell International with over 2,000 sq metres of floor area. A theatre, recessed into the ground and asphalt tanked, will be located on the ground floor.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Dowty Group, Arle Court, Cheltenham, Gloucestershire, 11.30
Hallite, Kempton Manor, Kempton Park, Sunbury-on-Thames, 12.00
Hillards, Queens Hotel, Leeds, 12.30
Murray Smaller Markets Trust, 163, Hope Street, Glasgow, 10.30
United Guarantee, Wembley International Hotel, Empire Way, Wembley, 10.00
Vibroplant, Queens Hotel, Leeds, 1.00

BOARD MEETINGS—
Finals:
Blanchards
Christy Hunt
Continental Microwave
Parker Knoll
Tor Inv. Tst.
Interims:
Aidcom Intnl.
American Electronic Components
Beatson Clark
Berkeley Expln. Prod.
Canning (W.)
Combined English Stores
Freemans
HB Electronic Components
Menzies (John)
Metalrax
Moss Bros.
Pantherella

DIVIDEND & INTEREST PAYMENTS—
Bank fur Arbeit und Wirtschaft Subord. Fltg. Rate Nts. 2000 $513.89
Bullers 0.5p
GW Overseas Finance Gtd. Fltg. Rate Nts. 1994 $523.13
Hambro Tst. 8.83p
Plastic Constructions 0.836p
Wight Collins Rutherford Scott 2p

TOMORROW

COMPANY MEETINGS—
Energy Capital, Great Eastern Hotel, Liverpool Street, E.C., 10.30
Gibbs Mew, Greyfisher, Aylewade Road, Harnham, Salisbury, 4.00
Mountleigh Group, Chesterfield Hotel, Charles Street, W., 12.30
Parrish (J. T.), Royal Station Hotel, Neville Street, Newcastle upon Tyne, 11.00
Scottish English and European Textiles, North British Hotel, Edinburgh, 12.30
Victoria Carpet Hldgs., Green Street, Kidderminster, 3.00

BOARD MEETINGS—
Finals:
Baillie Gifford Japan Tst.
Barratt Devpts.
City of Aberdeen Land Assn.
Minerals and Resources Cpn.
News Intnl.
Park Place Invsts.
Zambia Copper Invs.
Interims:
Bluebird Toys
Boase Massimi Pollitt
DRG
Macallan-Glenlivet
Martini Currie Pacific Tst.
Northern Eng. Inds.
Parrish (J. T.)
Scott and Robertson
Spear and Jackson Intnl.
Steetley
Sumner (Francis)
Sunleigh Elecs.
Walmoughs
Wingate Prop. Invs.

DIVIDEND & INTEREST PAYMENTS—
Asian Devpt. Bank 10¼pcLn 2009 5¼pc
Halliburton Co. 45 cts.
Scotland Intnl. Finance Gtd. Fltg. Rate Nts. 1992 $257.15
Sidlaw Group 7½pcLn 2003-08 3¾pc
Treasury 2½pc I.L. 2001 £1.4564

WEDNESDAY, SEPTEMBER 25

COMPANY MEETINGS—
Fitch Lovell, Plaisterers Hall, 1, London Wall, E.C., 3.00
Howden Group, 329, Scotland Street, Glasgow, 12.00

BOARD MEETINGS—
Finals:
Casket (S.)
RMC
Raine Inds.
Young (H.)
Interims:
Ascot Book Publishers
BETEC
Bank of Scotland
Brown and Jackson
Clarke Nickolls and Coombs
Finlay Packaging
Fleming Universal Inv. Tst.
Julianas
McLaughlin and Harvey
Rio Tinto-Zinc
Tharsis
Weir

DIVIDEND & INTEREST PAYMENTS—
Aegon DFL 1.3
Assd. British Foods 7½pcLn 1987-2002 3¾pc. 5½pcLn 1987-2002 2¾pc
Bankers Tst. Overseas Fin. Gtd. Fltg. Rate Subord. Nts. 1994 $20.13
Centrovincial Estates 8½pcLn. 1988-93 3¼pc
Chapman Inds. 8½pc1stDb 1993-98 4¼pc
Chesebrough-Ponds 50cts.
Gopeng Berhad 10sen.
Hanson Tst. 8pcLn 2004-09 4pc
Hercules Inc. 40cts.
Kansallis Oy Fltg. Rate Nts. 1995 $514.31
Lonrho 9pc2ndDb 1987-92 4½pc. 12½pc 2ndDb 1985-90 6¼pc
M. and G. Commodity and General Fd. 1.9p
Mercantile House, 9p
Murray Smaller Markets Tst. 1.8p
New Zealand 11½pc 2014 5¾pc
Quarry Communications 0.75p
Renold 8pc1stDb 1991-96 4pc
Russells Gravesend Brew. 6pcPf. 2.1p
Sweden (Kingdom of) 2024 $514.31

THURSDAY, SEPTEMBER 26

COMPANY MEETINGS—
British Building and Eng., University Arms Hotel, Cambridge, 12.00
Cook (Wm.), Parkway Steel Foundry, Parkway Ave., Sheffield, 12.00
Copson (F.), Penns Hall Hotel, Penns Lane, Walmley, Sutton Coldfield, 3.00
Ellis and Everard, Grand Hotel, Leicester, 12.00
Firth (G. M.) (Hldgs.) Swallow Hotel, Wakefield, 11.30
Hambro Tst., 41, Bishopsgate, E.C., 12.00
Humberside Electronic, Gt. Eastern Hotel, Liverpool Street, E.C., 11.00
Kennedy Smale, Park Hall Hotel, Goldthorn Park, Wolverhampton, 12.00
Macarthys Pharmaceuticals, Heybridge Moat House, Roman Road, Ingatestone, Essex, 12.00
Redland, Plaisterers Hall, 1, London Wall, E.C., 12.15
Tomkins (F. H.), Hyde Park Hotel, S.W., 12.30
Wellman, RAC Club, 89, Pall Mall, S.W., 2.30
Zygal Dynamics, Barbican Centre, Barbican, E.C., 12.00

BOARD MEETINGS—
Finals:
A.B. Electronic Prods.
Dowding and Mills
Grattan
Mills and Allen Intnl.
Ramar Textiles
Interims:
Aberdeen Construction
Beauford
Bentalls
Candover Invs.
Central Independent Television
F. and C. Pacific Inv. Tst.
Marshall (Thomas) (Loxley)
Micro Business Systems
Newbold and Burton
Newarthill
Petrocon
Platignum
Shorrock
Sindall (Wm.)
Stag Furniture
Superdrug Stores
Vickers
Watts Blake Bearne
Whatman Reeve Angel
Wimpey (George)
York Mount

DIVIDEND & INTEREST PAYMENTS—
Adams and Gibbon, 2.25p
Banco De La Nacion Argentina 1986 $51.71
Canadian Imperial Bank Commerce, 2005 $441.23
EAB Finance 1990 $255.56
East Surrey Water 10pcPf. 1986 5p
Evode Group 0.94p
Exchequer 1¼pc 1999 6¼pc
Independent Inv. Co. 0.5p
Nat. Bank of Canada Db 1988 $253.96
Sanwa Intnl. 1988 $504.72
Vaux Grp. 11¾pcDb 2010 5⅞pc

FRIDAY, SEPTEMBER 27

COMPANY MEETINGS—
Bennett and Fountain Grp., Great Eastern Hotel, Liverpool Street, E.C., 12.00
Black Arrow Grp., 748, London Road, Hounslow, Middx., 2.00
Dyson (J. and J.) Cutlers' Hall, Sheffield, 12.00
London Tst., Ironmongers Hall, Shaftesbury Place, Barbican, E.C., 12.00
Phoenix Timber, Phoenix House, Manor Way, New Road, Rainham, Essex, 12.00
Property Sec. Invst. Tst., Butchers' Hall, 87 Bartholomew Close, E.C., 12.15
Smith (David S.) Kingsley Hotel, Bloomsbury Way, W.C., 12.00
Sommerville (Wm.), Dalmore Mills, Milton Bridge, Penicuik, 2.30
Textured Jersey, Engineers Way, Wembley, 12.00
Webb (Joseph), Park Hall Hotel, Goldthorn Park, Wolverhampton, 12.00

BOARD MEETINGS—
Interims:
Centreway Tst.
Clyde Pet.
Eucalyptus Pulp Mills
Foseco Minsep
Johnson and Jorgensen Packaging
Liberty
Monument Oil and Gas
Southampton I.O.W. and Sth. of England Royal Mail Steam Packet
Sunlight Service
Wordplex Information Systems

DIVIDEND & INTEREST PAYMENTS—
American Cyanamid 47.5cts
Armitage Shanks 10pcLn 1989-94 5pc
Bank of Montreal 1994 £159.9
Barrow Hepburn 7.75pcPf 3.875p
Beales (John) 2.8p
Black and Decker 16cts
Caledonian Assctd. Cinemas 5.25pcPf. 2.625p
Chemical New York $209.24
Dew (George) 2.3p
Equipu 3.1p
Girozentrale Und Bank Der Ost Spark 1991 $21.06
Inch Kenneth Kajang Rubber 8p
Italy (Rep. of) 2005 $68.89
Mersey Docks and Harbour 6¼pcDb 1996-1999 3⅛pc. 3½pcDb 1979-89 1¾pc. 3½pcDb 1979-89 1¾pc
Noble and Lund 0.35p
Scandinavian Fin. 1990 $32.39
Scottish Life Assrnce. 7½pcLn. 1997-2002 3¾pc
Sungei Besi Malaysia 3.7223p
Thomas Nationwide Transport 3cts.
Utd. Leasing 2.2p
Victoria Carpet Hldgs. 2p
Yorkshire Intnl. Fin. 1994 £159.11

SATURDAY, SEPTEMBER 28

DIVIDEND & INTEREST PAYMENTS—
Liberty Life of Africa, 8Pf 105cts.

SUNDAY, SEPTEMBER 29

DIVIDEND & INTEREST PAYMENTS—
Charlwood Alliance Hldgs., 7½pcLn. 3¾pc
Exchequer 11pc 1989 5½pc
Met. Water Chelsea 3½pcDb 1897 1¾pc
Mid-Sussex 3.325pcPf. 1.6625p. 3.5pcPf. 1985-87 1.75p
Tendring Hundred Waterworks 4½pcDb 2¼pc
Trafalgar House 8pcLn. 1994-99 4pc. 8½pcLn. 2000-05 4¼pc

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 1186/1J/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

— *Spare parts for FIAT 300 PT Tractors.*

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AU PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH,
ALGIERS, ALGERIA

Direction des Approvisionnements (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to thte Secrétariat de la Direction des Approvisionnements (Secretariat, Supplied Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 1186/1J/MEC—CONFIDENTIEL—A NE PAS OUVRIR" (National and International Open Call for Tenders No. 1186/1J/MEC—*Confidential—Do Not Open*).

Tenders must be received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 1177/1J/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

— Spare parts for MAN Tractors.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AU PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH,
ALGIERS, ALGERIA

Direction des Approvisionnements (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secrétariat de la Direction des Approvisionnements (Secretariat, Supplied Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 1177/1J/MEC—CONFIDENTIEL—A NE PAS OUVRIR" (National and International Open Call for Tenders No. 1177/1J/MEC—Confidential—Do Not Open).

Tenders must be received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 1187/1J/MEC

The National Oil Exploitation Company is launching a National and International Open Call for Tenders for the supply of the following:

— Spare parts for CLARK Cranes.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AU PUITS (ENTP)
16 ROUTE DE MEFTAH, OUED SMAR, EL-HARRACH,
ALGIERS, ALGERIA

Direction des Approvisionnements (Supplies Division)

for the amount of 400 Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a closed double-sealed envelope by registered mail to the Secrétariat de la Direction des Approvisionnements (Secretariat, Supplied Division) at the above address.

The outer envelope should bear no mark that might identify the tenderer, or any heading, and should read: "AVIS D'APPEL LA CONCURRENCE OUVERT NATIONAL ET INTERNATIONAL No. 1187/1J/MEC—CONFIDENTIEL—*A NE PAS OUVRIR*" (*National* and International Open Call for Tenders No. 1187/1J/MEC—Confidential—Do Not Open).

Tenders must be received within 45 days after this notice is published.

Tenderers shall be bound to their offers for a period of 180 days after the closing date of this Call for Tenders.

LanChile

(The National Airline of Chile)

INVITATION TO BID

for the lease of two wide body aircraft

Lan Chile requires two wide body aircraft for lease for a minimum of two years.

Interested bidders should request terms and conditions from Lan Chile at:
Torre de Madrid, Ground Floor
Princessa 1—28007 Madrid/Spain

Bids to be received not later than 5pm local time Wednesday September 25th 1985.

Only requests accompanied by a non-refundable cheque payable to Lan Chile for the amount of US$500 will be actioned.

Bids must be sent directly to Lan Chile headquarters in Santiago, Chile as per instructions contained in the terms and conditions. All bids received will be opened by Lan Chile headquarters on September 30th, 1985 at 5pm local Santiago time.

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 a per £

GNP figure—2.8, dollar lower and pound withstood oil movement worries in Gulf. Good volume.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
263	790	5569	6222

Eurodollar Future—points of 100%

Dollar lower on back of GNP figure and futures traded in a wide range. Volume good.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
225	150	1048	1057

For full details of settlement prices call:
Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Company Notices

NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION
U.S.$35,000,000 9¼% 1976-1988 BONDS

Pursuant to the provisions of the Purchase Fund, Notice is Hereby Given to Bondholders that no Bonds have been purchased for the account of the Corporation during the twelve-month period from September 15, 1984 to September 14, 1985.

Amount outstanding: U.S.$27,431,000

Luxembourg,
September 23, 1985.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

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Book Publishers	—	net 17.50

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10, Cannon Street, EC4P 4BY

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
eIndustrl's	1297.94	1306.78	1300.40	1298.16	1309.14	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2.7/32)
Home Bnds	79.62	79.57	79.56	79.66	79.60	80.65 (16/7)	72.27 (20/5)	—	—
Transport..	649.34	654.03	648.29	645.83	659.53	702.6 (17/7)	553.03 (4/1)	702.6 (17/7/85)	12.32 (8/7/32)
Utilities.....	152.80	153.72	153.31	153.16	153.57	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
TradingVol 000-1	101,93m	100,320	106,710	111,950	66,700	—	—	—	—

eDay's High 1313.40 (1312.95) Low 1294.47 (1291.29)

Industrial dividend yield%	Sep. 13	Aug. 30	Aug. 23	year ago (approx)
	4.71	4.61	4.66	4.67

STANDARD AND POORS

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Industrials	202.80	204.39	202.58	202.15	203.93	215.83 (18/7)	128.24 (4/1)	215.83 (18/7/85)	3.52 (30/6/32)
Composite	182.05	183.39	181.71	181.36	182.88	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Sept. 11	Sept. 4	Aug. 28	year ago (approx)
Industrial div. yield	3.79	3.75	3.72	3.97
Industrial P/E ratio	12.41	11.81	11.88	10.69
Long Gov. Bond yield	10.73	10.39	10.39	12.80

N.Y.S.E. ALL COMMON

Sept. 20	Sept. 19	Sept. 18	Sept. 17	1985 High	1985 Low
105.39	106.08	105.80	104.89	113.49 (17/7)	94.60 (4/1)

Rises and Falls

	Sept. 20	Sept. 19	Sept. 18
Issues Traded	1,964	1,949	1,986
Rises	711	1,069	626
Falls	775	426	871
Unchanged	478	454	489
New Highs	23	15	15
New Lows	25	37	61

TORONTO

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	1985 High	1985 Low
Metals & Minerals	—	1924.5	1871.6	1804.4	2190.07 (13/2)	1839.3 (8/1)
Composite	2872.16	2872.3	2882.1	2851.6	2819.9 (20/8)	2348.5 (8/1)
MONTREAL Portfolio	139.98	139.82	130.51	128.29	139.33 (19/7)	117.00 (4/1)

Other markets

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	945.6	943.5	945.4	961.3	985.5 (13/8)	775.5 (7/1)
Metals & Mnls. (1/1/80)	504.2	507.5	511.8	524.3	585.8 (20/5)	482.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	98.85	100.08	100.28	100.30	105.75 (17/8)	55.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2500.40	2465.10	2472.55	2456.38	2500.40 (20/9)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	216.51	215.98	216.01	216.58	218.41 (9/9)	168.44 (8/1)
FRANCE						
CAC General (31/12/82)	216.0	218.3	216.0	217.8	255.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	122.9	123.1	123.0	123.3	130.4 (31/5)	108.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	526.88	520.09	522.64	513.74	526.08 (20/9)	382.35 (3/1)
Commerzbank (1/12/53)	1552.8	1535.3	1541.1	1554.0	1552.8 (20/9)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1549.45	1563.27	1565.82	1589.48	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	387.81	388.55	388.17	389.55	389.85 (17/8)	229.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12660.9	12563.0	12529.7	12591.5	13040.1 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1007.46	1004.18	1005.75	1003.24	1057.55 (10/7)	916.35 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	221.5	221.2	220.0	220.0	223.0 (5/9)	185.6 (3/1)
ANP-CBS Indust (1970)	185.6	183.5	182.1	182.5	194.1 (3/9)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	356.72	366.09	365.39	364.96	366.72 (20/9)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	779.96	778.98	765.35	757.59	852.85 (7/8)	717.98 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1051.1	1034.8	1053.0	1148.8 (15/4)	803.5 (5/8)
JSE Indust (28/9/78)	—	952.5	946.8	945.1	1056.8 (16/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	108.69	108.90	108.88	109.45	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1389.52	1389.94	1396.99	1374.21	1486.98 (11/2)	1285.32 (8/7)
SWITZERLAND						
SwissBankCpn (31/12/58)	494.1	494.5	491.7	485.8	499.3 (11/9)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	215.0	212.8	212.2	224.3 (17/7)	194.8 (4/1)

** Saturday September 14: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—284.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Peabody	4,078,300	10⅞	+ ⅜	Citicorp	1,075,800	41⅛	— ⅛
ATT	1,706,800	21½	—	MGM Film	974,200	24⅝	−1⅜
Richardson V.	1,521,300	46⅝	— ⅜	Exxon	911,900	49⅜	— ⅜
NWA Inc	1,242,800	52⅞	−3¼	Reynolds C.	867,900	129⅜	—
IBM	1,090,500	126⅜	−1⅛	General Motors	834,400	67½	−1

OVER-THE-COUNTER

Nasdaq national market, closing prices, September 20

Continued from Page 35

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

CANADA

TORONTO

Closing prices September 20

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL

Closing prices September 20

Sales	Stock	High	Low	Close	Chng
[illegible]					

AUSTRIA

1985 High	1985 Low		Sept. 20	Price Sch.
[illegible]				

BELGIUM/LUXEMBOURG

1985 High	1985 Low		Sept. 20	Price Frs.
[illegible]				

DENMARK

1985 High	1985 Low		Sept. 20	Price Knr.
[illegible]				

AUSTRALIA

1985 High	1985 Low		Sept. 20	Price Aust. $
[illegible]				

ITALY

1985 High	1985 Low		Sept. 20	Price Lire
[illegible]				

FRANCE

1985 High	1985 Low		Sept. 20	Price Frs.
[illegible]				

GERMANY

1985 High	1985 Low		Sept. 20	Price Dm.
[illegible]				

SINGAPORE

1985 High	1985 Low		Sept. 20	Price $
[illegible]				

HONG KONG

1985 High	1985 Low		Sept. 20	Price H.K.$
[illegible]				

NORWAY

1985 High	1985 Low		Sept. 20	Price Kroner
[illegible]				

SWEDEN

1985 High	1985 Low		Sept. 20	Price Kroner
[illegible]				

SWITZERLAND

1985 High	1985 Low		Sept. 20	Price Frs.
[illegible]				

NETHERLANDS

1985 High	1985 Low		Sept. 20	Price Fls
[illegible]				

SOUTH AFRICA

1985 High	1985 Low		Sept. 20	Price Rand
[illegible]				

JAPAN

1985 High	1985 Low		Sept. 21	Price Yen
[illegible]				

SPAIN

1985 High	1985 Low		Sept. 20	Price Pta %
[illegible]				
399	350	Bco Popular		333
364	327	Bco Santander		353
463	399	Bco Vizcaya		440
185.6	129.5	Dragados		130.5
94	70.6	Hidrola		71.5
109.5	81.2	Iberduero		89
185	125.5	Petroleos		133
135.7	94.6	Telefonica		113.5

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, September 20

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅜	16	AAR	.56	2.5	15	23	22½	22⅛	22⅛	
17⅜	9¾	AGS			13	125	16¼	15⅞	16⅛	−⅛
21½	13	AMF	.25j		98	1103	13⅞	13½	13¾	+¼
50¾	26¼	AMR			7	2616	41⅞	40¾	41⅛	−⅜
23⅝	18⅝	AMR	pf2.18	9.3		18	23⅝	23⅛	23⅝	+⅛
25⅞	23	ANR	pf 2.67	11.		1	23⅝	23⅝	23⅝	+⅛
14¼	7⅝	APL				325	9¼	8¾	9¼	+⅝
61⅛	34¾	ASA	2	5.4		249	37½	36⅞	36⅞	−⅞
27	11⅜	AVX	.32	2.5	18	160	12⅞	12½	12¾	+¼
28⅛	19¼	AZP	2.72	12.	7	561	23¾	23⅝	23⅝	−⅛
60	36¾	AbtLab	1.40	2.5	15	1684	56½	55⅝	55⅝	−¼
25⅞	20	AccoWd	.50	2.4	16	67	21⅜	21⅛	21⅛	−¼
24¾	12½	AcmeC	.40	2.9		39	13⅞	13⅞	13⅞	−⅛
10½	7⅜	AcmeE	.32b	4.1	11	3	7¾	7⅝	7¾	
19	15½	AdaEx	1.92e	11.		86	17⅜	17⅛	17⅜	+⅜
20	13½	AdmMl	.32	1.8	7	34	17½	17½	17½	
17¾	8⅝	AdvSys	.52	4.0	19	257	13¾	13	13⅛	−⅝
40⅝	22⅛	AMD			16	3311	27⅝	26¾	27	−⅝
12⅛	6⅞	Advest	.12	1.3	20	277	9⅛	8¾	9	+¼
15⅞	9½	Aerflex			11	204	13	12⅝	12⅞	−⅛
49⅝	32⅝	AetnLf	2.64	5.8	16	3177	45¼	44⅝	45¼	+½
57½	52⅜	AetL	pf5.79e	10.		22	55½	55½	55½	
37⅜	20½	Ahmns	1.20	4.0	8	2327	30⅝	29⅞	30¼	−¼
3⅝	2½	Aileen				29	2¾	2⅝	2⅝	
57	42	AirPrd	1.48	2.9	12	412	53	51⅞	51⅞	−⅝
24⅝	15	AirbFrt	.60	2.7	13	53	22⅞	22⅝	22⅝	+⅛
2⅛	1⅛	AlMoa	s.10e	5.0		64	2	1⅞	2	+⅛
29¼	23⅝	AlaP	pf2.74a	9.8		5	27⅞	27⅞	27⅞	+¼
33⅝	27¾	AlaP	pfA3.92	13.		16	30¾	30¼	30½	+⅛
[illegible]										

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
41¾	27¾	Rockwl	1.12	3.0	9	1711	37¾	37	37	−¾
73	55¾	RohmH	2.20	3.5	11	473	64½	63½	63½	−¼
65¾	40	Rohrln			12	367	u70	68⅝	68¾	+2
27½	13⅛	RolnCm	.40	1.6	30	22	24⅞	24½	24⅞	−⅛
36⅝	10¾	RolnE s	.10	.5	21	390	22	21⅞	22	+⅜
18¼	5⅜	RolnE wi				3	11⅜	10⅞	10⅞	−⅜
12⅝	8¾	Rollins	.46	4.0	17	44	11⅝	11½	11½	−⅛
3⅞	2	Ronson				98	2¼	2	2¼	+⅛
19	11	Roper	.64	5.3		47	12⅛	12	12	+⅛
43¼	24	Rorer	1.12	2.7	20	3861	43	40⅝	41¼	−2
12½	7⅝	Rowan	.12	1.5	46	557	7⅞	7¾	7¾	−⅛
62⅞	46	RoylD	3.29e	5.5	6	2919	60⅛	58¼	59⅝	+½
17	10⅝	Roylnl s			16	13	13⅞	13¾	13¾	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices September 20

OVER-THE-COUNTER

Nasdaq national market, closing prices, September 20

Continued on Page 33

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Figures disappoint the dollar

BY COLIN MILLHAM

Disappointing economic figures pushed the dollar down towards the end of last week, after a period of steady appreciation by the U.S. currency. Flash estimates of U.S. Gross National Product growth are notoriously erratic, but the general trend has been for a high figure initially, followed by a series of downward revisions. Buyers of the dollar were therefore looking for a third quarter rise of up to 4 per cent in Friday's GNP figures, although the main area of forecasts was rather lower. Most economists seemed to be expecting a rise of around 3-3½ per cent, but as the publication date approached the market grew increasingly nervous.

On Thursday a rumour circulated in the U.S. that the third quarter figure would be as low as 2.8 per cent, putting downward pressure on the dollar. It fell to DM 2.8890 in New York from the London close of DM 2.9010, and failed to recover on Friday morning.

The dollar remained stubbornly depressed, and the rumour about GNP turned out to be correct, showing a rise of only 2.8 per cent in the third quarter, according to the flash estimate. Second quarter growth was revised down only slightly to 1.9 per cent from 2.0 per cent and had no impact, but the damage was already done as far as the dollar was concerned.

After a week when the dollar had failed to move far away from the DM 2.90 level, it finished in London on Friday at 2.8440, the lowest point since September 2. Sterling rose to its best level since September 4 at $1.37, as confidence in the dollar declined.

Statistics were generally depressing for the dollar last week. U.S. factory use at 80.5 per cent of capacity in August was not much changed from the previous month and business inventories in July were unchanged. These were not regarded as very important figures however, while the second quarter current account deficit of $31.81bn was the second highest on record, but was not unexpected.

A rise of 6.2 per cent in August housing starts, was set against forecasts of up to 9 per cent, and the July figure was revised to a fall of 3.2 per cent from 2.4 per cent.

STERLING INDEX

	Sept 20	Previous
8.30 am	81.7	80.8
9.00 am	81.6	80.7
10.00 am	81.6	80.9
11.00 am	81.5	80.9
Noon	81.7	81.0
1.00 pm	81.7	81.0
2.00 pm	81.9	81.0
3.00 pm	81.8	81.2
4.00 pm	82.0	81.1

£ IN NEW YORK

	Sept. 20	Prev. close
£ Spot	$1.3750-3765	$1.3465-1.3455
1 month	0.37-0.36 pm	0.37-0.36pm
3 months	1.02-0.99 pm	1.00-0.97pm
12 months	2.65-2.55 pm	2.55-2.45pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3450-1.3720	1.3695-1.3705	0.38-0.35c pm	3.20	1.04-1.00pm	2.98
Canada	1.8623-1.8880	1.8820-1.8880	0.43-0.34c pm	2.45	1.04-0.88pm	2.04
Nethlnd.	4.37¼-4.39½	4.37¼-4.38¼	2⅛-2c pm	5.65	6⅛-5⅞pm	5.48
Belgium	78.66-79.01	78.70-78.80	21-14c pm	2.67	51-38pm	2.26
Denmark	14.12-14.21½	14.17¾-14.18¾	3¼-2¼ore pm	[illegible]	10¾-9¾pm	2.77
Ireland	1.2516-1.2563	1.2531-1.2541	0.24p pm-0.03 dis	−1.01	0.61-0.22pm	1.32
W. Ger.	3.89-3.91	3.88-3.90	2⅛-2⅛pf pm	6.74	6⅞-6⅝pm	7.00
Portugal	231½-237½	234½-237½	17-415c dis	−10.98	430-1455dis	−15.97
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

FORWARD RATES AGAINST STERLING

	Spot	1-month	3-month	6-month	12-month
Dollar	1.3700	1.3664	1.3628	1.3528	1.3438
D-Mark	3.8950	3.8726	3.8270	3.7761	3.6718
French Franc	11.8875	11.8702	11.8432	11.8635	11.8736
Swiss Franc	3.2076	3.1892	3.1532	3.1096	3.0226
Japanese Yen	328.75	327.44	324.79	321.41	315.02

BANK OF ENGLAND TREASURY BILL TENDER

	Sept 20	Sept. 6		Sept 20	Sept. 6
Bills on offer	£100m	£100m	Top Accepted rate of discount	[illegible]	[illegible]
Total of applications	[illegible]	[illegible]	Average rate of discount	[illegible]	[illegible]
Total allocated	£100m	£100m	Average yield	[illegible]	[illegible]
Minimum accepted bid	[illegible]	[illegible]	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	[illegible]	[illegible]			

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0461	+0.40	+0.66	±1.5425
Danish Krone	8.12857	8.07483	−0.66	−0.40	±1.6421
German D-mark	2.23840	2.22892	−0.42	−0.16	±1.1455
French Franc	6.86402	6.80038	−0.93	−0.67	±1.3654
Dutch Guilder	2.52208	2.50522	−0.67	−0.41	±1.5162
Irish Punt	0.724578	0.716805	−1.10	−0.84	±1.6673
Italian Lira	1520.60	1498.38	−1.46	−1.46	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Sept. 20	Bank of England Index	Morgan Guaranty Change %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish Kroner	79.4	−6.3
Deutsche mark	135.5	+8.4
Swiss franc	147.8	+11.8
Guilder	118.9	+4.6
French franc	67.2	−13.8
Lira	44.0	−20.5
Yen	156.6	+13.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Guilder	5	3.30945	2.50522
French Fr.	9½	8.97515	6.80038
Lira	15½	1977.56	1498.38
Yen	5	246.539	187.070
Norway Kr.	8	8.60183	6.51580
Span'h Pta.	—	175.307	133.085
Swedish Kr.	10½	8.65640	6.55191
Swiss Fr.	4	2.41643	1.83168
Greek Dr'ch	20½	141.507	106.755
Irish Punt	13¾	N/A	0.716805

*C$/SDR rate for September 17: 1.40406

EXCHANGE CROSS RATES

Sept. 20	Pound St'ling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild.	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.370	3.895	328.8	11.89	3.208	4.378	2617.	1.885	78.75
U.S. Dollar	0.730	1.	2.844	240.1	8.678	2.342	3.195	1910.	1.376	57.50
Deutschemark	0.257	0.352	1.	84.40	3.052	0.823	1.124	671.8	0.484	20.22
Japanese Yen 1,000	3.042	4.167	11.85	1000.	36.16	9.757	13.32	7960.	5.734	239.5
French Franc 10	0.841	1.152	3.277	276.6	10.	2.698	3.682	2201.	1.586	66.25
Swiss Franc	0.312	0.427	1.214	102.5	3.706	1.	1.365	815.8	0.588	24.55
Dutch Guilder	0.228	0.313	0.890	75.10	2.716	0.733	1.	597.8	0.431	17.99
Italian Lira 1,000	0.382	0.524	1.488	125.6	4.543	1.226	1.673	1000.	0.720	30.09
Canadian Dollar	0.531	0.727	2.066	174.4	6.306	1.702	2.322	1388.	1.	41.78
Belgian Franc 100	1.270	1.740	4.946	417.5	15.10	4.075	5.559	3323.	2.394	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11½-11⅝	7 11/16-8 1/16	8¾-9	5½-5⅝	1-1¼	4¼-4⅜	9¼-9⅜	11-13	8¾-9	8¾-9	6 1/16-6⅝	9-9½
7 days' notice	11½-11⅝	8-8⅛	8¾-9	5½-5⅝	11-11¼	4 1/16-4 3/16	9¼-9⅜	12¼-13¾	8¾-9	8¾-9	6⅞-6 15/16	9¼-9¾
Month	11 7/16-11 9/16	7 13/16-8 1/16	8¾-9	5 11/16-5 13/16	4 5/16-4 7/16	4⅜-4½	9⅜-9½	12-13	8¾-9	8¾-9	6 9/16-6⅝	8½-9 1/16
Three months	11 7/16-11 9/16	8⅛-8¼	9-9¼	5 11/16-5 13/16	4 5/16-4 7/16	4⅜-4½	9 7/16-9 9/16	12½-13	9-9¼	9-9¼	6½-6 11/16	8¾-9¼
Six months	11¼-11⅜	8⅜-8½	9⅜-9⅝	5¾-5⅞	4¾-4⅞	4 5/16-4 7/16	10 1/16-10 3/16	12⅞-13⅜	9⅜-9⅝	9⅜-9⅝	6½-6 11/16	8¾-9¼
One year	11⅛-11¼	8¾-8⅞	9¾-10	5 13/16-5 15/16	4¾-4⅞	4 5/16-4 7/16	11-11¼	13½-14	9¾-10	9½-9¾	6 9/16-6 11/16	9-9½

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven days 8 1/16-8 3/16 per cent; one month 8 1/16-8 3/16 per cent; three months 8 3/16-8 5/16 per cent; six months 8 7/16-8 9/16 per cent; one year 8 11/16-8 13/16 per cent. Long-term Eurodollars: two years 9⅝-9⅞ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

LONDON

[illegible]

CHICAGO

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY MARKETS

Very quiet in London

Very little happened during an extremely quiet week in London. Day-to-day money market credit shortages averaged little over £500m and the authorities had no difficulty servicing the market's requirements.

Discount houses were happy to sell bills outright at present dealing rates, because there is little prospect of an early cut in clearing bank base rates. Money market rates have gradually declined in recent weeks. Three-month money was around 11¾ per cent, suggesting possible upward pressure on base rates, but has since fallen to 11½ per cent, underpinning the present rate structure.

Sterling stabilised on the foreign exchanges at $1.30 and is now above $1.35, following the decline of the dollar on Friday afternoon after publication of the U.S. GNP figure. But the pound still has a fragile undertone on nervousness about the oil supply situation. The apparent escalation in the Gulf War has to be set against reports of an increase in Saudi Arabian production, while the next meeting of Opec ministers is due to take place early next month. Recent UK money supply figures have also limited the room for any downward move in interest rates, and the money market now seems resigned to a fairly long period of stability.

U.S. interest rates were also generally steady, but Continental rates tended to ease. The Bank of France cut its money market intervention rate by ¼ per cent to 9⅝ per cent, the sixth reduction since the beginning of the year, and Paris call money fell to 9⅝ per cent from 9⅞ per cent, the lowest level since July 20, 1979.

UK clearing banks base lending rate 11½ per cent since July 30.

MONEY RATES

Sept. 20	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.40-4.50	9⅝	⅞-1⅛	5⅝-5 11/16	6.21875	14⅛-14⅜	10.60	9¼-9⅛
One Month	4.55-4.65	9⅜-9½	4½-4⅝	5¾-5 13/16	6.53125	13¾-14⅛	8¾-9	9⅝-9⅞
Two Months	4.6-4.7	9 7/16-9 9/16	—	—	—	—	—	9¾-10⅛
Three Months	4.6-4.7	9 7/16-9 9/16	4½-4⅝	5 11/16-5 13/16	6.40625	14-14⅛	9-9¼	9⅞-10
Six Months	4.65-4.80	9½-9⅝	—	5¾-5⅞	—	—	9⅜-9⅝	10⅛-10⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 20 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-12	11⅝-11½	10-11¾	6-11½	—	—	—	—	—
2 days notice	—	—	11⅝-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¾-11⅝	11⅜-11½	11½-11¾	11⅝	—	—	—	—	—
One month	11 9/16-11 7/16	11 9/16-11 7/16	11 9/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	11 9/16-11 7/16	11 9/16-11 7/16	11 9/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	11½-11⅜	11 9/16-11 7/16	11 7/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	11⅛-11 1/16	11¼-11⅛	11¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	11 1/16-10 15/16	11 3/16-11 1/16	11 3/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	10-10⅞	11 1/16-11 1/16	11 3/16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	[illegible]	[illegible]	[illegible]
One month	12-11¾	—	11⅝	[illegible]	[illegible]	[illegible]
Two months	11¾-11½	—	11⅝	[illegible]	[illegible]	[illegible]
Three months	11⅝-11⅜	—	11⅝	[illegible]	[illegible]	[illegible]
Six months	11⅝-11⅛	—	11½	[illegible]	[illegible]	[illegible]
Nine months	11 9/16-11 1/16	—	11⅜	[illegible]	[illegible]	[illegible]
One year	11¼-11	—	11¼	[illegible]	[illegible]	[illegible]
Two years	—	11 1/16	—	[illegible]	[illegible]	[illegible]
Three years	—	11 1/16	—	[illegible]	[illegible]	[illegible]
Four years	—	11	—	[illegible]	[illegible]	[illegible]
Five years	—	11	—	[illegible]	[illegible]	[illegible]

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): [illegible] 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.2[illegible]. Treasury Bills: Average tender rate of discount 11.0964 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent from September 12. Deposits held under Series 5 [illegible] per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 20)

3 months U.S. dollars

bid 8 5/16	offer 8 5/16

6 months U.S. dollars

bid 8 7/16	offer 8 9/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

[illegible]